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Daily Report
East Asia

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Japan

Japan: ODA Creates 'Headquarters' To Study Futenma Issues

OW0606011796 Naha RYUKYU SHIMPO in Japanese 4 Jun 96 Evening Edition p 1

[FBIS Translated Text] Tokyo — The Okinawa Development Agency [ODA] formed a "headquarters on problems related to diversion of Marine Corps Air Station Futenma [MCAS] other returned land" on 3 June. Saburo Okabe, director general of the Hokkaido-Okinawa Development Agency, made the disclosure at a news conference following a regular cabinet meeting on 4 June.

Isamu Kadekawa, director general of the ODA General Affairs Bureau, has been appointed to direct the headquarters, while Tetsuo Takikawa, director general of the ODA Development and Promotion Bureau, has been selected to assist Kadekawa. The headquarters is also staffed by various ODA division directors and counselors. It was set up to reinforce the ODA's functions regarding problems related to the diversion of MCAS Futenma. The headquarters is to be managed appropriately in accordance with progress made by a cabinet task force (working committee on the return of MCAS Futenma) studying the matter.

The "Okinawa General Affairs Bureau Liaison Council on the Return of MCAS Futenma and Other Facilities" was also set up within the bureau on 3 June. Thus, the entire ODA is planning to direct every effort to the task of diverting returned military land to other uses.

Japan: Okinawa To Continue To Refuse Cooperation With Tokyo

OW0506144396 Tokyo KYODO in English 1419 GMT 5 Jun 96

[FBIS Transcribed Text] Naha, Japan, June 5 KYODO — The Okinawa prefectural government will continue refusing to cooperate with the central government over the leasing of land for U.S. forces stationed in the nation's most southerly prefecture, senior Okinawa officials said Wednesday [5 June].

Okinawa Governor Masahide Ota will soon make a formal response to the expected government recommendation that he act as a proxy for the central government in taking necessary procedures, the officials said.

The central government is likely to file a lawsuit, seeking a court order for Ota to toe the government line as it did when he refused to sign documents necessary to renew a mandatory land rental contract for a plot inside a U.S. military facility.

The dispute concerns the U.S. Navy's Sobe communications facility in Okinawa prefecture, which contains a 236-square-meter plot owned by Shoichi Chibana, who has refused to renew a lease for his land to U.S. forces.

Chibana filed a lawsuit in April demanding access to and return of his land after the lease expired at the end of March. He later dropped the latter request to focus on the access case.

Although the forced lease has expired, the government continues to rent the land to U.S. forces without any clear legal basis, saying Japan has an obligation to provide land to U.S. forces under bilateral security arrangements.

The Supreme Court is expected to hear arguments July 10 over the case concerning the constitutionality of the forced lease of land for U.S. military bases in Japan.

Ota is appealing to the highest court against a lower court ruling ordering him to serve as a proxy in signing a forced lease contract for the Sobe facility.

The Naha branch of the Fukuoka High Court issued the ruling on the proxy issue March 25.

Ota argues that the compulsory expropriation of land for U.S. military use in Japan is unconstitutional because it infringes on the landowner's property rights.

The governor appealed April 1 and indicated May 27 that he may cooperate with the central government in the proxy issue if the Supreme Court orders him to do so.

Meanwhile, Naha Mayor Kosei Oyadomari issued a statement Wednesday saying he refuses to cooperate with the central government over the continued forced lease of other tracts of land in Okinawa for U.S. forces after the current contracts expire in May next year.

Oyadomari issued the statement ahead of an expected request Friday to mayors concerned by Okinawa's Expropriation Committee to take necessary procedures for compulsory rental of plots involving some 3,000 landowners.

Japan: Okinawa Parties Divided Over U.S. Base Problems

OW0606023096 Naha OKINAWA TIMES in Japanese 5 Jun 96 Morning Edition p 3

[FBIS Translated Text] Military base-related problems are the greatest point of issue in the ongoing Okinawa prefectural assembly election. However, local political parties are hardly wrangling over the matter since they all agree on the "realignment and reduction" of military bases. Instead, they seem to be divided over specific

3,000 residents for use by the U.S. military in Okinawa Prefecture.

At stake is some 368,000 square meters of land owned by 2,993 Okinawan residents. The landowners are refusing to renew their leases, which are due to expire may 14, 1997.

The Defense Facilities Administration Agency's local bureau filed an application with the Okinawa Prefectural Expropriation Committee last March seeking expropriation of these plots for 10 years.

Under mandated legal procedures, the committee, an independent body consisting of seven local lawyers and scholars, will ask 10 village, town and city heads to make public announcements of the government's request.

Eight of the 10 chiefs told KYODO news, however, that they will refuse to make such announcements in a move that could complicate the expropriation process.

The central government can ask Okinawa Gov. Masahide Ota to make the announcement on behalf of the village, town and city heads if they refuse to do it within two weeks, but Ota is expected to refuse as well.

If he does, Prime Minister Ryutaro Hashimoto could seek a court order forcing Ota to make the announcement.

But the necessary court hearings would make it difficult for the government to obtain a court order before the leases expire next May.

The central government is considering drafting legislation to make it easier to expropriate land for use by the U.S. military, but this move is under fire from residents of Okinawa, which provides some 75 percent of the land occupied by U.S. facilities in Japan.

Ota is already embroiled in a court battle with the central government. He has appealed to the supreme court against a lower court decision ordering him to sign documents needed for the continued rental of land to the U.S. forces.

The land includes a plot owned by local grocer Shoichi Chibana in a U.S. Navy communications facility on which the lease expired at the end of March.

The central government has allowed the U.S. military to use the land without any clear legal basis, citing the importance of maintaining the facility under the bilateral security treaty.

The Defense Facilities Administration Agency's local bureau has sought approval by the local expropriation committee for the expropriation of the land.

The committee asked a local village chief to make a public announcement of the central government request, but the village chief refused to do it, leading the central government to ask Ota to do that on behalf of the village chief.

Prefectural government officials said Ota would reject the request.

Demands by local residents to reduce U.S. military facilities in Okinawa, Japan's southernmost prefecture, were intensified by the rape of a local schoolgirl by three U.S. servicemen last year. The servicemen were convicted and sentenced to prison in the case.

Japan: Tokyo Plans New Legislation on U.S. Bases in Okinawa

OW0606084496 Tokyo KYODO in English 0802 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — The government plans to introduce special legislation to quicken legal procedures to expropriate land for use by the U.S. military in Okinawa Prefecture, government and ruling coalition sources said Thursday [6 June].

The government plans to use the bill as temporary legislation to remain in effect until May next year when lease contracts for sites belonging to some 3,000 landowners for 12 U.S. military facilities in Japan's southwesternmost island prefecture expire, the sources said. The owners are unwilling to renew their forced leases.

The government plans to submit the bill during an extra Diet session this fall.

The government explained the draft plan to the three ruling parties — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake.

The new legislation will shift the authority of land expropriation for the U.S. military from local authorities to the central government.

The move comes on the heels of the government's recent failure to have an Okinawa prefectural committee comply with its request for emergency use of a plot of land within a U.S. military facility. The lease arrangement for the land plot expired at the end of March.

The lease contract expired after Okinawa Gov. Masahlde Ota refused last November to sign documents needed for the continued forced use of land owned by local landowners following the public outcry over the rape of a local elementary schoolgirl last September for which three U.S. servicemen were sentenced to prison terms.

Shoichi Chibana, a 48-year-old shop owner, has refused to rent his 236-square-meter plot of land which is part of a 530,000-sq.- meter tract on which the Sobe communications facility stands.

On May 11, the Okinawa prefectural committee rejected a central government request for emergency use of Chibana's land for six months.

The committee, an independent body consisting of seven local lawyers and scholars, turned down the request, saying the government had not provided enough reasons to back it.

Tokushin Yamauchi, head of the village of Yomitan where the facility is located, has refused to announce publicly that there has been a call for a ruling for the forced rental of land.

The central government is waiting for a ruling on a request it submitted to the Okinawa prefectural expropriation committee for compulsory use of the land.

Chief Cabinet Secretary Seiroku Kajiyama, a government spokesman, told a press conference Thursday that the government is studying whether Japan needs new legislation for the military use of the Okinawa land, but added the government has yet to decide on a concrete plan.

Although Okinawa comprises less than 1 percent of Japan's total land area, about 75 percent of the U.S. military facilities in Japan are concentrated in the prefecture in terms of land area.

Japan: Tokyo 'Nervous' About Reaction to Downing U.S. Warplane

OW0506133096 Tokyo ASAHI SHIMBUN in Japanese 5 Jun 96 Morning Edition p 2

[FBIS Translated Text] A Maritime Self Defense Force [MSDF] mistakenly shot down a U.S. warplane during the rim-Pacific joint exercise (RIMPAC). This accident has caused a headache for government officials working on reinforcing Japan-U.S. defense cooperation. Most government officials say "the accident will not affect bilateral defense ties" (as noted by Defense Agency Director General Hideo Usui); however, some are voicing concern over "the public's allergic reactions to military power" (as noted by a senior Defense Agency official).

In general, the government reacted calmly to the report on the shootdown accident. A senior Foreign Ministry official said that "the incident will not damage Japan-U.S. security arrangements." A senior Defense Agency official also noted: "Accidents are not surprising during military exercises. It was an undesirable event, but will not grow into a diplomatic conflict."

In response to the accident, the MSDF chief of staff and the commander of the Self-Defense Fleet sent their messages of "regret" to the acting chief of U.S. Naval Operations and the commander in chief of the Third Fleet. At the civilian level, however, the apology was made only from the Defense Agency Counselor for International Affairs (bureau chief class) to the U.S. Embassy in Tokyo.

The position of the Defense Agency is that the accident is a problem between the MSDF and U.S. Navy. In explanation, a senior Defense Agency official said "an apology by the Defense Agency director general might be an overreaction, and we do not want to make the issue bigger." Such a careful attitude from the government is probably because "we do not want to slow down discussions on Japan-U.S. defense cooperation now under way" (as noted by a government source).

As a precaution against emergencies in the Far East, Japan and the United States agreed to reinforce bilateral defense cooperation at the summit talks in April. Next month, Prime Minister Ryutaro Hashimoto instructed the Security Affairs Office to study policies for "national crises." Also, intergovernmental discussions began to review the "guideline for Japan-U.S. defense cooperation."

The main topic of the guideline review talks is Japan's logistic support for the United States. Supply of fuel and provisions, rescue and MIA searching, and medical services are being discussed as definite logistic support plans; however, Japan's involvement in U.S. military operations is likely to arouse constitutional controversy on Japan's use of collective defense rights.

In the bilateral talks held in Hawaii last month, both Japanese and U.S. officials noted "it will take one to two years" to work out Japan's logistic support package. They agreed to pay adequate attention to public opinion trends in Japan. The accident took place under such delicate circumstances, and the government has seemingly become nervous about negative public reaction.

Japan: Downer Urges Tokyo To Strengthen Joint Security Ties

OW0606062796 Tokyo KYODO in English 0517 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Australian Foreign Minister Alexander Downer on Thursday [6 June] urged Japan to strengthen its security ties with his country within the context of U.S. military engagement in the Asia-Pacific region.

Downer told a press conference in Tokyo on the second day of a two-day visit to Japan that Australia "values highly the contribution Japan makes to regional stability through supporting the strategic engagement of the United States in the western Pacific."

"Both Australia and Japan are close and important allies of the U.S., whose forward strategic presence contributes to its unique and central role in Asia-Pacific security," he said.

"Australia warmly welcomed the recent reaffirmation by Prime Minister Hashimoto and President Clinton of the Japan-U.S. Security Treaty which is central to the stability of the whole region."

Downer said the Australian Government is keen to cooperate with Japan in joint U.N. peacekeeping activities and as a major exporter of nuclear fuel, and welcomes hashimoto's proposal for an Asian nuclear safety and security meeting in late 1996.

Downer began prepared remarks at the press conference by declaring that the "central message" of his visit to Japan is that "closer engagement with Asia is the Australian Government's highest foreign policy priority and the partnership between Australia and Japan is central to achieving that goal."

The foreign minister said Australia wants to work closely with Japan to "put real flesh" on agreements reached at the two most recent summit meetings of member nations of the Asia-Pacific Economic Cooperation (APEC) forum.

He said individual action plans aimed at liberalizing economies which APEC members are currently preparing for presentation at the next summit in November in the Philippines "must contain more than the commitments made under the Uruguay Round."

Downer, whose country depends to a large degree on its agricultural exports, urged Japan to include "all parts of the agricultural sector" in its plan. "It is important that Japan and the U.S., and not just countries like Australia alone, are leaders in APEC and not laggers," he said.

Downer reiterated that Australia believes Japan should be admitted into the U.N. Security Council as a permanent member.

On Wednesday, downer met Japanese Foreign Minister Yukihiko Ikeda.

His visit comes ahead of Australian Prime Minister John Howard's scheduled visit to Japan on Aug. 7-11.

Japan: Retired General on Future Far East Emergency

OW0606045596 Tokyo CREST in Japanese May 96 pp 1-4

[Foreword to book by author Toshiyuki Shikata originally entitled "Far East Emergency: How Japan Will Be Drawn Into War." Published by Crest Inc., dated 23 April 1996]

[FBIS Translated Excerpt]

Foreword

Chinese Military Movements

One early spring day in early March, more than 10 large vehicles carrying M-9 missiles (range 600 kilometers) secretly departed from the People's Liberation Army's [PLA] 2nd Artillery Corps base at Leping in China's Jiangxi Province. Also at that time, dozens of aircraft from air units, the core of which were the latest SU-27 Russian jet fighters, had begun concentrating at a number of air bases in Fujian Province. At sea, more than 10 warships belonging to the South Sea Fleet had weighed anchor and were heading for the waters off Dongshan Island. On land, approximately 150,000 members of the PLA—a figure rivaling the total strength of our nation's Ground Self-Defense Force [GSDF]—were massing in Fujian Province directly across from Taiwan. These large-scale PLA movements were not overlooked by the military authorities in the United States and Taiwan.

The U.S. National Security Agency (NSA) at Fort Meade, Maryland, was busy analyzing imagery information collected from spy satellites as well as electronic intelligence collected by the Sobe Communications Facility in Okinawa and other locations. Therefore, it was on top of the Chinese troop movements from the start.

Right at this time, at the headquarters of the Korean People's Army in Pyongyang, the capital of North Korea (the Democratic People's Republic of Korea), a debate was under way on again seeking an opening to draw the United States into direct negotiations as a means of shattering the national mood of depression resulting from continuing economic stagnation and food shortages. The leaders in attendance adopted a strategy to take advantage of the timing of the U.S. anxiety over the tense situation in the Taiwan Strait, without a doubt seeking to use Washington's preoccupation with its response to the situation. At the same time, the strategy would help reestablish domestic control. This was an effort to raise tensions in the demilitarized zone (DMZ).

This strategy was promptly implemented. Early on the morning of 6 April 1996, approximately one company of armed North Korean People's Army troops suddenly and in violation of the armistice agreement entered into the northern part of the jointly policed zone in the truce village of Panmunjom and conducted training there. This turned out to be nothing more than a minor provocation for eliciting a U.S. response. However, the incident ran the risk military confrontation in the event of a misstep.

An Age When We Need To Consider Defense Seriously Has Arrived

In the Taiwan Strait and the Korean Peninsula, within the so-called "Far East region," are now taking place tensions seen not even during the Cold War era. We might well refer to them as the members that might ignite into a "Far East emergency." If such an unforeseen occurrence should lead to a military confrontation, like it or not, our nation would be pressed for responses to such issues as security of the sea lanes, evacuation of Japanese living overseas, the intake of large numbers of refugees, support for the U.S. Forces Japan [USFJ], and warning activity on the part of the Self-Defense Forces [SDF].

Depending on our response, Japanese warships and aircraft might be drawn into the conflict, missiles might rain down upon Japanese territory, key individuals might become the targets of terrorism, and belligerents might attempt to destroy key facilities in Japan. For nearly half a century, under the "pretext" of the peace Constitution and with the protection of the of the Japan-U.S. Security Treaty "amulet," our nation has turned its eyes away from issues of national security and defense in single-minded pursuit of its own economic prosperity.

There are many cases in the history of mankind in which great commercial nations that have achieved prosperity have exited from the stage of history due to neglect of their own security. There was, of course, the case of ancient Carthage. However, we need only look back to 16th and 17th centuries when the leading role passed in turn to Portugal, Spain, Holland, and Great Britain.

Finding our range of freedom limited within the framework of the peace Constitution and non-use of the right of collective self-defense, today is the time for us to take advantage of the uproar caused by the Okinawa base problems to redefine the tottering Japan-U.S. security arrangement and embark towards a new era. We are reaching the point where the government and people of Japan must seriously consider how to protect the security of the nation.

This book does not seek to fan a sense of crisis or predict the future. Henceforth, what kind of unstable factors are there likely to be in the Far East? What could cause a Far Eastern emergency? If such an emergency were to occur, what kind of conditions would be likely to develop? Could our nation respond? What can we do to prevent Far Eastern emergencies ...? I offer this book as "reference material" for considering the fundamental issues in maintaining peace in the Far East.

Japan: MITI on Recent USTR National Trade Estimate Report

OW0606035096 (Internet) Japan Economic Foundation WWW in English May 96

[From the "What's New" link]

[FBIS Transcribed Excerpt]

Comments on the USTR 1996 National Trade Estimate [NTE] Report on Foreign Trade Barriers With Regard To 8 Sectors Relevant to MITI [Ministry of International Trade and Industry]

May 1996

Ministry of International Trade and Industry The following four points are what we regard as the main shortcomings of the NTE report

1. It is unclear on what rules or standards the U.S. Government is applying to evaluate the alleged "problems" pointed out in the NTE report. The report appears to be little more than a compendium of U.S. industry complaints, without evaluation against any objective of internationally recognized standards.

(NOTE) The NTE report is in contrast to the "Report on the WTO consistency of Trade Policies" issued by the Japanese Government which bases its evaluation of foreign practices on "international rules".

2. Tendency toward support of managed trade by the U.S. Government is found in numerous areas of the report.

- "The growth of dealerships selling foreign automobiles has been slower than expected"
- "The US.-Japan auto and auto parts agreement includes a provision stating that Japanese vehicle manufacturers will increase production in the U.S. and increase local content for vehicles made in the United States"
- "If the arrangement is not continued, progress on cooperation between both countries' industry might stall or even backslide"

3. Inaccurate statements about and characterization of the Japanese market are found throughout the report.

* "Wholesalers and distributors in Japan have represented only 1 Japanese glass manufacturer" (-The fact is that around 50 percent of wholesalers and distributors are purchasing from at least two different manufacturers)

* "Foreign suppliers account for only 3 percent of the Japanese flat-glass market" (-The fact is that imported flat glass share in the Japanese market for the 1995 January-June period was 13 percent in terms of quantity)

* "Japan implemented liberalization countermeasures until 1984" (-The fact is that restrictions on film-related investment was abolished in 1976)

4. Although marketing efforts by U.S. companies in the Japanese market constitute an important factor in evaluating the reasons for their performance in Japan, there are no descriptions, much less evaluations, of U.S. industry efforts to sell in Japan.

* No descriptions regarding the number of right-hand-drive models marketed in Japan by the BIG 3 (-2 models were newly added in 1996 totalling barely to 4 models)

* No descriptions on the actual evaluation of U.S. flat glass industry in the Japanese market (-problems are pointed out, in particular, on delivery and after-sales service, etc.)

[Chart entitled — "The 'USTR 1996 National Trade Estimate Report on Foreign Trade Barriers' -Major MITI Related Issues Pointed out by the U.S. and Corresponding and Comments" — including detailed arguments and comments on the following issues: auto and auto parts, flatglass, semiconductors, photographic film and paper, and trademarks — omitted; address for this site is :http://www.jef.or.jp/index.html.]

Japan: U.S. Wants Chip Pact To Keep 30 Percent Foreign Share

OW0406123396 Tokyo KYODO in English
1148 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — The United States is seeking a government-level semiconductor agreement with Japan as it wants to maintain foreign market share in Japan which has topped 30 percent, a senior Ministry of International Trade and Industry official said Tuesday.

In a Japan-U.S. dispute over renewal of the 1991 bilateral microchip accord, the U.S. has offered to drop the numerical targets in the pact — which calls for foreign market share to top 20 percent — if Japan agrees to renew it beyond the July 31 expiration date. The U.S. offer is natural as Washington probably feels the 20 percent target is a "nuisance" now that foreign chips account for more than 30 percent of the Japanese market by Japanese standards, said the official who spoke on condition of anonymity.

To break the government-level deadlock, the Japanese and U.S. semiconductor industries are negotiating a private-sector partnership framework to replace the 1991 accord.

But they have yet to strike a deal because the Japanese side rejects a U.S. industry call for continued government involvement in the market, a request shared by Washington.

The official said the U.S. is insisting on government involvement because it wants justification for invoking the section 301 provision of the 1974 U.S. Trade Law which involves possible trade sanctions.

While stressing that Japan will not dismiss semiconductor trade talks with the U.S., the official said such talks should come only after the planned private-sector framework has taken shape.

The anonymous senior official also said Japan will not accept any government role in the microchip market itself, although it is prepared to cooperate on tariffs, investment restrictions in third countries and other issues which should be handled at the government level.

He reiterated Tokyo's opposition to a U.S. request for continuing government surveys on foreign share of the Japanese market. The two countries have conducted such surveys on a quarterly basis under the current bilateral agreement.

Japan: Hashimoto To Agree to Aid for DPRK After UN Appeal

OW0506115496 Tokyo KYODO in English
1146 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Prime Minister Ryutaro Hashimoto and two other government leaders agreed Wednesday [5 June] that Japan will supply financial assistance to North Korea after the United Nations formally issues an appeal for aid to the food-short country, officials said.

The agreement came after Hashimoto discussed with Foreign Minister Yukihiko Ikeda, Chief Cabinet Secretary Seiroku Kajiyama and other senior officials how to respond to the expected U.N. appeal, the officials said.

Hashimoto told reporters after the meeting that the U.N. appeal, calling on member states to help North Korea weather its increasingly serious food shortage, is likely to come early next week.

Japan's response "will not be negative, at least, because it is humanitarian aid," the premier was quoted as saying.

Government sources earlier said assistance in response to the U.N. call will be handled separately from the bilateral rice aid issue, and the amount of money to be supplied will be determined in consultation with South Korea.

Japan provided 500,000 dollars to Pyongyang last year in response to a U.N. call for such aid.

Japan: WPK Message to SDP Requests Talks With SDP 'Alone'

OW0606061996 Tokyo TOKYO SHIMBUN in Japanese 5 Jun 96 Morning Edition p 2

[FBIS Translated Text] A senior executive of the Social Democratic Party [SDP] disclosed on 4 June that Yi Chong-hyok, vice director [as published] of the Central Committee of the Workers' Party of Korea [WPK], had sent a message to SDP, and that the message once again requested that SDP agree to a WPK delegation's visit to Japan. At the end of May, the North Korean side canceled its scheduled visit to Japan using the excuse that the three ruling parties [of Japan] failed to reach a consensus on agreeing to the visit. However, it is reportedly stated in the current message that "it would be satisfied to hold talks with SDP alone."

Japan: SDP Says Inviting North Korean Party 'Difficult'

OW0506085196 Tokyo KYODO in English 0802 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Executives of the Social Democratic Party (SDP), a ruling coalition member, agreed Wednesday [5 June] that it is difficult for the time being for the party to invite to Japan a delegation from North Korea's ruling Workers Party of Korea.

The agreement came in a meeting of the SDP's top-ranking officials, held after a delegation from the North Korean party postponed a scheduled visit to Japan last week, SDP officials said.

A senior SDP official reported at the meeting that the party has received a message from Pyongyang, saying the Workers Party of Korea still wants to send a delegation to Japan to deepen ties with the SDP.

The SDP officials, however, decided that the current Japanese Diet situation hinders the party from accepting the North Korean mission, and that the party will soon send a formal reply to Pyongyang to tell this, they said. The SDP is led by former Prime Minister Tomiichi Murayama.

The Workers Party of Korea, invited by the SDP, was scheduled to send a delegation to Japan beginning May 27, but postponed the visit.

The delegation had been expected to make a request for more rice aid from Japan to help ease North Korea's food shortage.

The SDP said it appears the North Koreans have put off the visit because they consider it unlikely Japan will give more rice aid as the other two parties in Japan's governing coalition have vowed not to take part in talks with delegation members.

The Liberal Democratic Party and New Party Sakigake have ruled out meeting the delegation unless North Korea takes part in proposed four-way talks with South Korea, the United States and China to promote peace on the Korean peninsula.

Japan: Hashimoto Refuses Comment on 'Comfort Women'

OW0506133196 Tokyo KYODO in English 1255 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Prime Minister Ryutaro Hashimoto told reporters Wednesday [5 June] not to ask him to comment on remarks by a lawmaker from his Liberal Democratic Party (LDP) denying Japan forced Asian women into sexual servitude before and during World War II.

When a reporter in the Diet building began to ask him about the matter by saying, "Yesterday, House of Representative member (Seisuke) Okuno said there were no comfort women...," Hashimoto interrupted and said, "let's not discuss such a subject."

"We have various sensitive issues (between Japan and South Korea) such as Takeshima," he said, referring to a bilateral territorial dispute over islets in the Sea of Japan, called Tokto in South Korea.

"I don't want to be asked to comment on such an issue at such a time. Such an issue will be amplified through discussions with you (reporters)."

Okuno, a former education minister, formed a parliamentarians' league of more than 100 LDP members Tuesday and told a press conference that the women simply responded to recruitment in a "commercial activity."

Hashimoto told reporters, "Please understand that I am doing my best to make things as peaceful as possible. Co-hosting (of soccer's 2002 World Cup finals with

South Korea), for example, might collapse. Please have mercy to allow me not to comment."

The Asian Women's Fund, a government-initiated private body, said Tuesday it will give the former Asian sex slaves, euphemistically called comfort women in Japan, at least 2 million yen in solatia beginning this summer.

The organization reached the decision after accepting Hashimoto's promise to write a letter of apology to those women when the money is paid.

Commenting on Okuno's remarks, Chief Cabinet Secretary Seiroku Kajiyama, the top government spokesman, said during a Wednesday evening press conference that the government will fully support the fund and the stance will not change.

A citizens' group pursuing Japan's war responsibility released a statement Wednesday saying Hashimoto's letter cannot restore the women's dignity if "abusive language" such as that voiced by Okuno is left to take its course.

The group called for fund members to urge the Japanese government to admit war responsibility, make an apology and pay compensation to the victims, without expediting solatia disbursement.

Historians say some 100,000 to 200,000 Asian women, mainly from the Korean peninsula then under Japanese colonial rule, were forced into sexual slavery at military brothels for the Japanese imperial army before and during World War II.

Japan: Beijing To Conduct Nuclear Test 'Soon'

OW0606112896 Tokyo KYODO in English
1118 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — China will conduct a nuclear test soon, Wu Dawei, minister-counsellor in the Chinese Embassy in Tokyo, said Thursday [6 June] evening.

Wu, the charge d'affaires, made the remark in a meeting with Kanju Sato, secretary general of the Social Democratic Party, a partner in the three-way ruling coalition, officials said.

Japan: PRC's Lu Ping on Guarantee of Hong Kong Press Freedom

OW0506100096 Tokyo KYODO in English
0947 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 KYODO — China's top official in charge of Hong Kong said Wednesday [5 June] that freedom of the press will be guaranteed in Hong Kong after its reversion to China in July 1997 but Beijing will not allow any actions deemed as intended to overthrow the government or divide China.

Lu Ping, director of the Hong Kong and Macao Affairs Office of China's State Council or cabinet, told a press conference in Tokyo that the special administrative government to be formed in Hong Kong after the handover will not permit antigovernment actions.

"It is nothing new. No country that allows such actions exists," Lu said.

Asked what action is to be taken if a demonstration occurs against the Chinese government after the reversion, Lu only said that the Hong Kong government will deal with it according to law.

Lu is on a week-long visit to Japan that began Sunday to hold talks with Japanese political and business leaders about Hong Kong affairs.

Lu defended remarks he made last week in an interview with the U.S.-based Cable News Network (CNN) as not properly reflecting what he really meant.

On Tuesday, thousands of Hong Kong citizens gathered in a protest rally marking the seventh anniversary of China's bloody suppression of the student-led democracy movement in Beijing's Tiananmen Square in 1989.

Asked about democracy in Hong Kong, Lu said, "the start of true democracy in Hong Kong will start in 1997," referring to Britain's rule of around 150 years.

In a speech to the Federation of Economic Organizations (Keidanren) earlier Wednesday, Lu said Hong Kong will remain one of the world's capitalist financial and trade centers for 50 years after the reversion.

The Chinese government will keep Hong Kong prosperous by carrying out the policy of "two systems, one country," he said.

Noting Hong Kong's average annual growth rate of more than 5 percent over the last 10 years, Lu said the British colony will continue its pace of stable growth under the jurisdiction of the special administrative government even after the handover.

Lu said the economic link between Hong Kong and Mainland China will increase after the reversion with "Hong Kong becoming China's gateway to the western world."

Lu downplayed speculation that Shanghai might take over Hong Kong as the world's leading financial center, saying Shanghai is different from Hong Kong because the Chinese government dictates its policies under socialism.

"Hong Kong and Shanghai will play complementary roles for each other," Lu said. "Through Hong Kong, the industries in Shanghai can commercialize heavy industry and chemical production."

Japan: Tokyo Wants Netanyahu To Pursue Mideast Peace

OW0606111696 Tokyo KYODO in English 1103 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Prime Minister Ryutaro Hashimoto has called on Israel's Prime Minister-elect Benjamin Netanyahu to keep the Middle East peace process on track, Foreign Ministry officials said Thursday [6 June].

In a letter to Netanyahu sent on Monday and delivered to Israel's parliament on Thursday, Hashimoto congratulated the leader of the right-wing Likud Party on his victory in last week's election, the officials said.

Hashimoto also said Tokyo will do all it can to help achieve a permanent peace in the volatile region, according to the officials.

Foreign Minister Yukihiko Ikeda also sent a similar letter to Netanyahu, who won a thin victory over Prime Minister Shimon Peres, one of the architects of Middle East peace, the officials added.

Japan: Sakigake Leader on New Political Union

OW0506013096 Tokyo RONZA in Japanese Jun 96 pp 42-51

[Article by Yukio Hatoyama, New Party Sakigake secretary general: "My Revolution of Liberalism and Fellowship"]

[FBIS Translated Text] To me, the word "liberal" means love. This is what I have always said. The word "love" here means fellowship. The word fellowship is one that my grandfather, Ichiro Yatoyama, used as if it had been his patented word — liberalistic market economy as well as social justice and equality. In the final analysis, modern history can be termed the history of choice between liberty and equality. If liberty goes to extreme, equality will be lost; and if equality goes to extreme, liberty will be lost. The bridge between liberty and equality, which are incompatible with each other, is a spiritual bond called fellowship.

Compared with the people of many other countries in the world, the Japanese live in an environment that is economically far more advantageous, but they discuss nothing but the economy when they open their mouths. Such a tendency makes me think that the Japanese have lost the most important thing. In an age when a wide variety of life comes and goes freely, the spirit of fellowship, which perceives and tolerates individual differences, leads to the idea of symbiosis. Aiming at the realization of a fellowship society that exists between a society where the stronger prey upon the weaker and where perverted equality prevails, and believing that spiritual latitude will bring forth a world of "beauty" that is fruitful and superior in quality, I have ventured to write this essay, fully prepared to face the criticism that I am an inexperienced politician.

I wonder what astronaut Koichi Wakata was thinking when he saw the earth while flying through the universe in the space shuttle "Endeavor." And I wonder what he felt when he discovered Japan. I wonder what he felt when he actually found that although there are national boundaries on a map, there are no such things in the real Earth. In an age when we are becoming conscious of the universe, we should reconsider what a state is; what is the purpose of life. I think we should rethink the role of politics. The Diet, which is the seat of free speech, has abandoned its own function, and I am utterly ashamed of being a dietman. However, if I am determined to be a politician continuously despite that, I think I should squarely ask myself how I should behave as a politician.

The truth is that my mother called me while the New Frontier Party [NFP] was blocking the budget committee room for about a week with an illegal sit-in strike in opposition to the government's liquidation scheme for the failed housing loan companies [jusen]. She mostly talked about the absurdities committed by the NFP, but she did not necessarily appear to be sympathetic about the government measures, saying: "You do not approve of the elimination of the jusen appropriation, do you?" She hung up after saying: "You and Kunio [former Education Minister Kunio Hatoyama, a New Frontier Party member and Yukio Hatoyama's younger brother by blood] should take off your dietman badges and form a new party by yourselves. Mother could be ashamed of her two sons being dietmen."

There is an inside story about a "new party." My mother had phoned me three days before my grandfather Ichiro's deathday, 7 March. At 0800 on that day, more than ten persons that had some connection with Ichiro gathered at Yanaka Cemetery as usual and paid a visit to his grave.

While expressing my gratitude to the people who gathered before Ichiro's grave, I touched on the fact that that day happened to be a notification day for an upper house by-election in Gifu Prefecture due to the death of dietman Akira Ono, and I said, "My grandfather Ichiro was connected with his political opponent, Mr. Banboku Ono, through friendship, which led to a conservative union. I would like to revive my grandfather's spirit of fellowship and to work with my brother on the same stage within this year."

My brother Kunio, who gave an address after me, said: "My brother is quite right. But what he says is as difficult as passing a rope through the eye of a needle." The expression was just like my brother. Then he justified for some time the necessity of conducting the sit-in strike. I understood that he was in a painful position and I sympathized with him. I think my mother called me after hearing the exchanges between us.

My brother and I do not differ very much in our perception of the present political situation. Both of us recognize the necessity of breaking down the current situation. However, to most of the Japanese people, the question of whether or not the two brothers will cooperate on the same stage is a family affair and may not arouse their interest very much. Nevertheless, I think that the question of whether or not we two can work together is a litmus test that augurs the possibility of a union of political forces. The reason is that it was my brother who plunged into politics much earlier than I so that he could succeed our grandfather's spirit of fellowship.

If politicians are liberated from the fervent wish of being politicians and meet the situation with the full determination to give up being politicians and, when politicians sincerely ask themselves what they should do now, I believe that it is never difficult for them to go beyond love and hate, and to scale the walls separating political parties. The question is whether or not politicians are prepared to give up being politicians. The starting point of the fellowship revolution that I am going to touch on later is nothing but politicians' determination to give up being politicians.

By reason of being a politician, I have much opportunity to overlook Japan from the sky, not from outer space, I am sorry to say. On those occasions, I happen to ask myself to whom does Japan belong. I have a feeling that we unconsciously think that Japan belongs to us Japanese, and I cannot help thinking that various policies are being implemented on this tacit understanding.

However, we should say that it is very presumptuous of us to think that way. At present, 1.35 million foreigners live in Japan — a little over 1.0 percent of Japan's population. The breakdown follows: South and North Koreans account for about 50 percent of that number, reaching 680,000; the Chinese have increased to 220,000; Brazilians have increased to 160,000, nearly a threefold increase in four years; and Filipinos, Americans, and Peruvians follow.

First of all, the fact that the ratio of foreigners in Japan is considerably lower than those in other countries poses a serious problem. This means that to foreigners, Japan is not a comfortable country to live in. From my past experience as a student studying in the United States, I really think that the United States is a comfortable country for foreigners to live in. It is not always easy for foreigners to fathom the true intentions of Americans, and it is impossible to say that racial discrimination does not exist at a subliminal level. Nevertheless, foreigners are partial to the United States. This is probably due to the fact that the United States is fundamentally an "open society." Most of the Asian students studying in Japan generally return to their mother countries with an anti-Japanese sentiment partly due to the difficulty they experience in mastering Japanese. Japan differs greatly from the United States in this respect. Japan's internationalization is perfunctory at best, and the hearts of the Japanese are never open to foreigners.

Under such a circumstance, Governor Daijiro Hashimoto of Kochi Prefecture has insisted on excluding the nationality clause in employing regular government clerical employees, which merits particular notice. As expected, the Home Affairs Ministry is said to be dead against it. This is a natural reaction from a sealed Japan, but the decentralization of power cries for help. Moreover, New Party Sakigake is tackling the problem of giving permanent foreign residents the right to participate in local politics with New Party Sakigake dietman Jun Nishikiori leading the way. The Liberal Democratic Party [LDP] stubbornly opposes the plan, and the discussion has come to a standstill.

As for myself, I think we should take a step further and seriously consider giving permanent foreign residents the right to participate in national politics. Japan's administration and politics should be conducted by all people living in Japan. If Japan cannot do it, it indicates that the Japanese have no confidence in themselves. To make Japan a symbiotic place for all people, the dignity of the Japanese must be respected now of all times.

The truth is that the very idea that mankind is the center of all things under the sun is presumptuous and overbearing. Not only human beings, but also animated nature like animals and plants, as well as non-animated nature like water, air, and minerals exist in this world. We advocate natural protection or environmental protection by grouping all things except human beings into nature or environment, which is impertinent indeed.

First of all, we should be in awe over the fact that the amount of energy possessed by nature is beyond human understanding; and we should be thankful for being allowed to live with nature and act accordingly.

This must be our starting point. The balance of nature has been destroyed since human beings have become the prisoners of material affluence and since they have made the most use of knowledge to control and deform nature to their advantage. It is wrong for us to think that we must protect precious natural products but that we may destroy ordinary trees and plants. Rather, it can be said that it is the ordinary species that play an important role in an ecological cycle.

If we perceive that there is a lifeless world at the end of an irreversible process, we must make the most use of our knowledge to understand how to incorporate a reversible process into economic and social activities in an ecological sense. Domestically, the introduction of an environmental tax should be examined to develop the public's consciousness; internationally, the harmony between the North and South must be promoted. Since the Earth's axis connects the North and South, East-West problems are artificial and ephemeral; and North-South problems are natural and permanent. Therefore, the opposition between the North and South will be further intensified in the future. In solving this opposition, it will become indispensable for the North to support the South in the environmental issue faster than the South can catch up with the North economically. The symbiosis of mankind and nature is also that of the North and South.

Desire to Restore the Land of Beauty, Japan

I do not enjoy playing golf very much, so I feel very sad when I look down from an airplane over the numerous golf courses; for the country looks as if it were scooped out by the nails of the bubble economy, so to speak. The number of golf courses, which was less than 1,500 (I think even this is too numerous) eight years ago, now exceeds 2,100. More than 500 golf courses are said to be applying for licenses. Such a large space is not necessary for just one sport in a small country like Japan. I do not have a grudge against golf; I have just stated the phenomenon symbolized by it. This is a striking example of how the country has been made a prey to economic activity. Going back further to the past, I have a feeling that Japan's economic growth after World War II has deprived Japan of what it had valued the most historically — virtue.

I believe the greatest value that Japan's politics and the Japanese have to call back is "beauty." Count Coudenhove-Kalergi, who is a proponent of fellowship, called Japan the "land of beauty." His book, "Land of Beauty," contains the following: "The morality of the ancient Greek and Roman periods was based on beauty. Instead of the confrontation between "good and evil," which was based on theology, the contrast between "nobleness and vulgarity," which was based on esthetics, was born. Plato harmonized ethical value with esthetic value. On the other hand, the teaching of Confucius is based on the principle of reason; it is based on harmony, or beauty. Confucius's ideal was a man of noble character. In Europe, however, religious and theological ethics became dominant with the propagation of Christianity; in China, communist thought defeated Confucianism. As a result, Japan became the only big country with esthetic ethics based on Confucianism."

Count Coudenhove came to understand Japan only through books, so he was liable to idealize Japan too much. However, it is a fact that Japan once had a high spirit to value "beauty" as shown in the samurai spirit.

The United States, which gained victory in World War II, feared the resurrection of Japan's samurai spirit. And economic rationalism of the Western style, which was introduced immediately after the war to resurrect Japan, functioned beautifully. Because of this, economic value has eroded esthetic value, and ethics toward "beauty" has disappeared from Japanese society, in my opinion. Value that was outside the realm of economic rationalism had been abstracted and stripped of its contents, which, I suppose, has brought the present misfortunes to Japan.

A case in point is the ugly sit-in strike that blocked the entrance to the committee room. The problem is that Mr. Ichiro Ozawa had to give, on his own initiative, an arbitrary refusal of deliberation by a small number of people, which he denounced in his book.

Such an act can never be justified, but the fact that they coolly blocked the seat of free speech for so long probably shows that the Diet has already lost its function as the seat of free speech. The Diet has no substance, and by the time the budget bills or other bills are presented before committees, conclusions are already reached and deliberation is nothing but a perfunctory adjustment of time. The principle of parliamentary democracy is esthetic ethics called argument, and we must say that the present situation of Japan's Diet, which lacks such ethics, is very serious.

However, the lack of esthetic ethics is not confined to politics only. It pervades Japanese society: school education that overemphasizes knowledge and attaches more importance to entrance into a school than to graduation; the bureaucracy where the logic for shirking responsibility is rampant; the business community where an abnormal "money-is-almighty" principle prevails, as shown by the jusen housing loan companies. To restore Japan to the "land of beauty" once more, I would like to thoroughly reexamine Japan's politics with the heart of beauty and the spirit of fellowship as the cornerstone.

The other day, during a lecture given at a forum "Course of Japan," Tokyo University Emeritus Professor Mikio Sumiya deplored the Japanese, saying that they had lost their philosophy. I think that is true. In the midst of the nation's distrust in politics, I would like to act with esthetic ethics and the spirit of fellowship as the starting point of my life, although I may be criticized as being too optimistic.

My grandfather Ichiro accomplished a merger of conservative forces together with Bukichi Miki and others in 1955, which later produced the phrase "the 1955 system." The left and right wings of the Socialist Party effected a merger despite a deep-seated grudge they had held against each other. Triggered by this, the Liberal Party, led by Taketora Ogata, and the Democratic Party, led by Ichiro Hatoyama, merged, although there were ideological confrontations between them at that time. A union of reformist forces and a union of conservative forces came into being at the same time. With the progress of the Cold War between the United States and the Soviet Union, two-big party-politics developed in Japan. The LDP sided with the United States, which believed in the free market economy; and the Social Democratic Party [SDP] sided with the Soviet Union, which advocated socialism.

To Japan, political stability was a supreme order during the period of recovery after World War II and during the period of economic development that followed in the footsteps of Europe and the United States. To the nation that principally inclines toward stable, conservative government, the LDP's stable government was of great significance in its own way. Actually, the SDP not only played a major role in preventing the growth of military power, but also positively adopted social welfare policies. Therefore, it is safe to say that the LDP had been more socially democratic than any of the other conservative governments of the industrialized nations.

However, if a system continues for a long time, collusion will occur, without fail, due to stagnation. The LDP, taking advantage of the concentrated power of its long-term government, formed close links with the administration and the business community, and thus firmly established a collusive system among the political world, business community, and bureaucracy. The LDP's energy was spent on factional struggles within the party rather than on its outside activities. The SDP gave up being a ruling party and was content to remain as an opposition party. The party assumed an easygoing attitude that it has only to gain the support of the labor unions that are only part of the nation. Such an attitude was made possible by the multiseat constituency system.

Dr. Reona Esaki said in his lecture, "Americans are fond of changing a system under any circumstance. This is because changing a system itself leads the thought of the people to an entirely different channel." This is a very interesting suggestion. In Japanese society, it is very difficult to reorganize a system once its been established.

Not Afraid of the Negation of New Party Sakigake

Three years ago, we established New Party Sakigake with Masayoshi Takemura as our representative.

Each of us made an individual decision to gather, but our common wish was to liberate ourselves from the self-protective tendency that prevails in the self-protective political world. While feeling comfortable with the collusive system among the political world, business community, and bureaucracy, we fought frantically against temptation, and we decided to extricate ourselves from such a system. We were determined to create a stir in Japan's politics, economics, society, and administration, which have no elbow room, and to become a harbinger of organizational reform. On the day of New Party Sakigake's inauguration, ten comrades were all smiles, which was the joy of liberation from the fetters. We must regain that day's expressions of joy.

I still believe that many Japanese are expecting a drastic reform of society as a whole. On the contrary, I think the number is increasing potentially. Why then are the nation's expectations not reaching us? Why have the joyful smiles on our faces disappeared? Whether true or not, what it basically comes down to is that the nation has come to believe that lawmakers who advocate reform are not doing that purely for the sake of the nation, but for their acquisition of political power and for their reelection, having no determination to act seriously.

At the birth of the Morihiro Hosokawa administration, New Party Sakigake implored Mr. Hosakawa by saying: "Even if you become a prime minister now, you cannot do what you want to. Please wait for five years until we increase our comrades and acquire power." However, in the end, we could not convince him to comply with our request. What has been done cannot be undone. What the Hosokawa administration did is of deep significance in that it put an end to the LDP government and it made the trend of generational changes emotionally irreversible in the political community as a whole. As expected, however, the Hosokawa cabinet was short-lived. This changed the nation's wish that "something is going to change" into the disappointment that "nothing has changed." There is no denying the fact that this also deepened the nation's distrust of politics.

Although unintentional, New Party Sakigake has always occupied the position of a ruling party in this age of coalition governments, for which New Party Sakigake has been called a tricky party. Given the fact that the presence of New Party Sakigake's slogan of reform has been weakened in the ruling parties, we cannot dismiss that criticism as a mere misunderstanding. In the first place, New Party Sakigake is composed of those who, discarding self-interest, left the LDP, Japan New Party [JNP], SDP, United Social Democratic Party [USDP], and NFP, as well as those who agreed with New Party Sakigake's slogans. If New Party Sakigake cannot remove the stigma imposed on it as being a party of self-interest, its existence will be negated.

I am not afraid of New Party Sakigake's existence being negated. Although I feel a sense of fulfillment every day that I could not experience while I was in the LDP, I interpret a political party as a political step to ushering in a new age. However, I am afraid of the arrival of the time when the presence of all politicians will be negated. On the basis of the wishful thinking that the presence of politicians is not totally negated, what we politicians should do to recover the nation's trust in politicians is not to present a mere policy, but to show the courage and determination to act according to our own beliefs without being afraid of elections.

Determination to Give Up Being Politicians

As I have stated in various places, I point out that the essence of the spirit of fellowship is respect for one's own dignity. We should be thankful that we are allowed to live in this universe, should wake up to our own potentialities, and should exert all possible efforts to enhance our dignity. We can deal kindly toward others only when we elevate ourselves. Self-regard produces altruism. Even if we differ from others in opinion, we can tolerate and form a friendship with them, trusting their dignity. This is the spirit of fellowship.

The Japanese are poor at discussion, which has bred a Diet that is not only destitute of discussion but also has no substance. When there are differences of opinion, politicians often doubt the character of others and bear their hatred toward them. That is why changing one's alignment of political parties or factions is caused by the feelings of love and hate, rather than policy. If we cannot forgive others, it is because we do not have confidence in ourselves. Regrettably, of all the walks of life, it is politicians who have lost their dignity most since the phrase "the 1995 system" came to have a critical connotation. More than the expectation of my grandfather Ichiro and others who accomplished a union of conservative forces, the confrontation between the conservative ruling party, the LDP, and the reformist opposition party, the SDP, had taken root. The honor of both ruling and opposition parties engaging in the professed confrontation was saved by Diet policy politics conducted by both of them behind the scenes. Discussion has lost its meaning, and formality has been emphasized; to wear a dietman's badge has become the aim of politicians; in the LDP, a bureaucratic, hierarchical system, which is more pronounced than that of the bureaucracy, has been established; and becoming a cabinet minister has become the goal of politicians. Those who received the baptism of elections for the sake of politics have become the ones that utilize politics for the sake of elections. Politicians have come to make desperate efforts to form a group their supporters; they have come to utter only sweet words; they have turned their faces toward business circles, labor unions, or religious organizations that support them; they have devoted themselves to what is quite different from their beliefs; and they have lost the courage to squarely face the public. Thus, politicians have lost their dignity.

What is required of politicians most now is the recovery of their dignity, in short, the courage to give up being politicians. I would like to believe that only comrades with such courage will be able to open the doors of Japan to a bright future. This is what fellowship revolution is all about.

I am ashamed to say that in today's politics both ruling and opposition parties are in a bad fix. For example, in what we did in settling the jusen issue, the following can be cited as points of reflection: We were afraid of expressing our true intentions honestly to the nation; we did not have the courage to face the situation with confidence; we compromised with public opinion while respecting public opinion. The public's criticism against the contents of the jusen settlement was of course right, but, in my opinion, our attitude to deal with the matter was more problematic.

It is evident that the collusive system among the political world, business community, and bureaucracy has aggravated the bad debt issue, including the jusen issue, which is the aftermath of the burst of the bubble. The escorted convoy system may have been meaningful when the private sector was weak. However, such a system cannot be applicable when the private sector has become stronger. The reason the administration makes unnecessary regulations on private businesses that have become stronger is that it wants to place them under its continuous control. This has weakened the physical constitution of businesses, impeding their internationalization. Deregulation is essentially impossible in a society where the government's favor is sought after.

The same is true of administrative reform. There are similar points between the jusen problem and the AIDS problem [a scandal involving HIV-tainted blood products], and the incident related to the fast breeder reactor "monju." First, the disclosure of information was inadequate and slow. Second, both the administration and business community were closely involved in the matters. Third, it was unclear where the responsibility lay and there were problems with the supervision methods. Therefore, an inspection, supervisory agency, independent of the administration, must, by all means, be established in the fields of finance, pharmaceuticals, and science and technology. Information held exclusively by the administration should also be disclosed in principle. On the one hand, deregulation should be accelerated to promote economic liberalization; and on the other, the function for checking illegality should be strengthened. These are the measures that Japan should take.

Administrative reform is also urgent from the standpoint of financial reconstruction. The most serious domestic problem is that Japan's public finance, including fiscal loans and investment, is moribund. The government is required to have a strong will to carry out very drastic administrative reform, such as abolition and merger of central government offices, transfer of power to local governments, and privatization of the public sector. Furthermore, the situation is such that not only the reexamination of distribution of public works, but also restraint on their total amount cannot be avoided. Meanwhile, the internationalization of the tax system is an inevitable tendency, and reduction of corporate and income taxes must be implemented to cope with hollowing out; and increasing the consumption tax to reconsider the direct-indirect tax ratio is a battle against time. In addition, an early national consensus must be gained concerning the ideal way of managing the social security burden in the era of an aging society.

In this way, obstacles and bills have been accumulated behind the economic development for the past 50 years since World War II. In order not to leave these obstacles and bills to future generations, we must make every effort to remove the obstacles and pay the bills. The duty of today's politicians is to follow the precept of "senyu-koraku" on the basis of esthetic ethics. Such a task cannot be accomplished if one is afraid of elections. People are apt to become shortsighted in their outlook; therefore, it is not easy for us politicians who receive the baptism of elections to advise people to look further ahead or to broaden their outlook. However, if we elevate ourselves and seek justice in our endeavors, and if we are prepared to give up being politicians, we will be able to steer the ship of state without much ado at the turn of history.

The union of conservative forces in the days of ideological confrontation was formed on a party-to-party basis. However, with the end of ideological confrontation, and with the absence of fundamental conflicts in matters of policy, a new age has arrived whose dividing-line is whether one has a strong will to implement policy; that is, whether one is for "self-protection" or for "determination to give up being politicians." In such an age, political realignment through a merger of parties has lost its meaning completely. If those who advocate the establishment of individuality and the principle of self-responsibility allow themselves to be bound by a big organization, that would be comical. That is why Sakigake, which is receiving sympathetic consideration from the Social Democratic Party [SDP], cannot effect a merger with the party.

We will not be able to win the sympathy of the public if the merger of the SDP and Sakigake is declared to be the same self- protective action for the sake of elections as the one taken by Shinshinto, for Shinshinto — which was established through the merger of parties — is a benefit society for elections. As I have mentioned above, Sakigake has a lot of faults, but we are proud of it because it was established through the decision of each individual.

We Are Going to Accomplish the Union of Liberals

In contrast with self-protective action, what we need now is the construction of a system in which people, determined to produce a new political current now, gather and cooperate by crossing party lines through the decision, responsibility, and free will of each individual. This system is a union formed of one's own free will, and if we interpret liberal as fellowship, or respect for one's dignity, it is proper to call this system the "union of liberals." Excuse me for repeating myself, but the "union of liberals" is not a union of parties, but a union of individuals who respect free will.

Therefore, a political party formed of one's own free will differ naturally from a traditional political party of the hierarchical type. Just as we cannot answer which is more important in the organic union of human organs, a brain or a heart, we are going to have a political party in which component individuals are connected by an organic network. This is a political party in which fellow Diet members, the central and local governments, Diet members and party members, party members and semi-party members are connected, not by a top/down relationship, but by a network in which they play their respective roles.

Respect for individuality will produce a system in which individuals are liberated from restraint imposed by a party decision. Furthermore, with regard to a particular policy, cooperation among political parties will be possible under a political contract. A large number of local political parties are coming into existence. We will conclude an agreement with them and cooperate with them through a network. True democratic government will be established only through a change from a system led by the centralized bureaucracy to a system led by a network type democracy. Allowing decision making by the party's central leadership while advocating democratic government is to revert to an archaic political party.

In order to arrive at policy decisions while utilizing such a multilevel, pluralistic system, it is imperative for a political party to have a think tank. To recover government led by democracy from government led by bureaucracy, Diet members must be able to legislate bills. However, the situation is such that legislation by Diet members does not go as smoothly as we would like because of the limitations of information, human resources, and budgets attendant on the making of policies. One possibility under such limitations is not for us to employ researchers, but to have intellectuals connect with each other through a network concerning an individual task; and for us to have a think tank that has only a compiling function. Due consideration must be given to the utilization of multimedia as a means to reflect a variety of opinions in the process of making policy decisions. To use electronic technology in plebiscitary activities and make it serve as an aid in forming a judgment on important themes will be an interesting undertaking in divining the future course of democratic government.

I would like to summarize what I have stated so far.

Fifty years have passed since the end of World War II, but we cannot see Japan's future beyond that. The key to the problem is whether or not we can extricate ourselves from the collusive structure of the political world, the business community, and the bureaucracy that has been fixed in the course of the economic development over the past 50 years. The solution to the problem must begin at the seat of politics. Therefore, whether or not politics can open the door to the future depends on whether politicians have the "will" to force the public to choose a severe policy, rather than the question of whether it is a good or bad policy.

Just as Sakigake once tried, we must try to ascertain once more whether we have the "will" or not. A new trend of government is the establishment of one's dignity as well as symbiosis — fellowship liberalism based on our dual message, self-love and altruism. The formation of fellowship liberalism can be called the "union of liberals" in contrast to the union of conservatives.

The route to the "union of liberals" should be mapped out, in principle, by the decision of individual members. The union will not only regulate its constituent members, but it will also regulate the way it should be, its policy, and its cooperation with other political parties. A network with a flexible structure will be sought to secure greater freedom for individuals. Through such a network, people will overcome the barriers of artificial vested interests, such as national interest, ministry interest, and business interest, and will realize the importance of citizens' interest and the earth's interest, which are our dual messages. When this fellowship liberalism is backed by the esthetic ethics that Japan had lost, including a sense of beauty called scientific ethics, a truly Japanese type of government will surely come into being.

With such a trend on the point of emerging now, will I devote myself to it, resign myself to it, or withdraw myself from it? The answer is self-evident.

Japan: Makino To Become MITI Vice Minister

OW0506144296 Tokyo KYODO in English 1355 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 KYODO — The Ministry of International Trade and Industry (MITI) will appoint Tsutomu Makino, director general of the Industrial Policy Bureau, as vice minister to succeed Tomio Tsutsumi who will retire, ministry officials said Wednesday [5 June].

Hisashi Hosokawa, director general of the International Trade Policy Bureau, will become vice minister for international affairs to succeed Yoshihiro Sakamoto, who will also retire, the officials said.

The appointments will be formalized at a cabinet meeting June 21 at the earliest, they said.

Makino, 58, entered MITI in 1963 after graduating from the law faculty of the University of Tokyo and held such posts as director general of the Basic Industries Bureau and director of the minister's Secretariat.

He has been serving as chief of the Industrial Policy Bureau since December 1994.

Hosokawa, 56, joined the ministry in 1964 after graduating from the economics faculty of Kyoto University. He has been heading the International Trade Policy Bureau since December 1994.

Japan: Takemura's Fiscal Reform Proposals

OW0506234696 Tokyo CHUO KORON in Japanese Jun 96 pp 36-50

[Article by Masayoshi Takemura, member of the House of Representatives and former finance minister: "This Country Will Collapse, the Way Things Are Going"]

[FBIS Translated Text] Last November I announced that Japan's national finance was in a critical situation. Every newspaper simultaneously reported that it was a "declaration of a financial crisis." When I returned to the finance minister's office after the news conference, I said to my secretary, "To tell the truth, this is a declaration of financial insolvency, is it not?" Japan is really in dire financial straits. Concerning the failed financial institutions and housing loan companies [jusen], the government formed a scheme to dispose of their financial insolvency and settle their bad debts in order to protect depositors. However, no one extended a helping hand when the government fell into financial insolvency.

The situation may have been aggravated by the common feeling that "the state never collapses" or by great public trust in the state. At any rate, Japan's financial management for the past twenty years has brought about today's situation. Those who have concerned themselves with the government's financial affairs, including me, must assume a grave responsibility for that.

When I resigned as finance minister, I was severely criticized for leaving some of my work undone, such as Diet deliberations on the jusen issue. In truth, it is a matter of deep regret that I just declared Japan's financial crisis and left my post without doing anything about it. Now, since the budget bill, including the jusen appropriation, passed the Diet in April, I would like to discharge a part of my responsibilities as a politician by clarifying my thoughts about this problem, which is 10 times as large and difficult as the jusen issue.

I have so far engaged in compiling municipal budgets three times, prefectural budgets 12 times, and national budgets twice. These were valuable experiences to me, and I think the principle of writing a budget is to cautiously balance the revenues and expenditures of the single annual budget and to prepare firmly for the future. It was possible to carry through this principle at the local level. Frankly, however, it was impossible to change substantially the existing structure of national budget financial management. In addition, we have had to continuously give priority to anti-recession measures or countermeasures against natural calamities, which has led to repeated issuance of government bonds.

Mr. Ryotaro Shiba passed away, lamenting that the Japanese have lost "moral tension." Japan's various problems today may be reduced to this keen indication. Japan's financial problem also can be thought as a result of the lack of our moral tension with regard to government finance that exercises general control over taxes and services. The problem may be the sense of ethics of the Japanese toward government finance.

2. The Situation Threatens To Grow Worse

If the 1996 fiscal year budget — of 75 trillion yen in total, tax revenues amount to 51 trillion yen and non-tax revenues, 3 trillion yen — is compared to a family budget, we find that the family having an income of only 540,000 yen spends 750,000 yen. Of an income of 540,000 yen, 140,000 yen is sent to the parents in the country as an allowance; 160,000 yen is spent to pay off various loans. The remaining 240,000 yen is not enough to support the family. Therefore, there is no other way for the family but to borrow 210,000 yen more to keep alive.

The outstanding government bonds at the end of the current fiscal year amount to about 241 trillion yen. If 80 trillion yen, including loans, is added, the funded debt balance amounts to 321 trillion yen. If the local debt balances of local public bodies — 136 trillion yen — are added to 321 trillion yen and if an overlapped amount is removed, the balance amounts to 443 trillion yen. The ratio of the balance to gross domestic product [496 trillion yen] is indeed 90 percent. This is the worst situation compared with Western countries: 63 percent for the United States, 58 percent for the United Kingdom, and 59 percent for both Germany and France.

The ratio of the yearly budget deficits of the central government and local public bodies to the GDP is an index of international note. The figures given for 1996 are as follows: 2.4 percent for the United States, 3.8 percent for the United Kingdom, 3.0 percent for Germany, and 3.9 percent for France. As against these, 8.2 percent for Japan is the prominently worst figure. The Maastricht Treaty, which set the conditions for EU's economy and monetary unification, sets 60 percent and less for the former ratio and 3.0 percent and less for the latter ratio. The Japanese Government's finances have deteriorated so much that they can hardly satisfy EU's two minimum requirements.

In the midst of economic stagnation due to the collapse of the bubble economy, tax revenues decreased for five years in a row after fiscal years 1991-1995, and tax revenues are expected to decrease from 60 trillion yen to 51 trillion yen in five years. On the other hand, as business pumping-up measures, additional measures like public works had to be taken successively from 1992 onward, and 69 trillion yen of government bonds had to be issued in the five fiscal years 1992-1996.

Given the past debt balances and fiscal 1996's propensity for borrowing, it is certain that Japan's financial status will be degraded to the lowest position among the top seven industrialized nations.

The important thing is that every industrialized nation except Japan considers the conquest of budget deficits its greatest task and gives it the highest priority from the standpoint of economic policy also. From last fall to the end of the year, there was an earnest, stormy discussion in the United States between the Republican Party and President Bill Clinton, not about whether the financial construction plan was right or wrong but about its contents. In France, a strike even occurred over the government's welfare reform.

Frankly, I had considered "budget deficits" to be the problem of the United States or European countries, from the time I became finance minister until the summer of the year before last, when I attended a G-7 meeting. However, a change occurred last fall, when I had to fully recognize that it was Japan that was in the worst situation. Managing Director Michel Camdessus of the International Monetary Fund [IMF] stated at a meeting, "It is necessary for Japan to recover a sound financial status as soon as it has secured an economic recovery. Japan's budget deficit is a domestic problem, but from now on it will be regarded as an important problem affecting the world economy. " As a financial theory, there has always been an expanding equilibrium theory that agrees with and promotes the issuance of government bonds. Even today such an opinion is widely embraced among the financial world, economics circles, and the media. I cannot afford to participate in this discussion now, but I can briefly state that there is a limit to everything. The amortization fund of government bonds for the current fiscal year amounts to 16 trillion yen. This figure accounts for 21.8 percent of the general account and 32 percent of tax revenues. The public has to preferentially defray more than 30 percent of its tax burden in the particular fiscal year for the payment of works undertaken by government bond resources spent in the past. If this ratio increases to 40 percent or 50 percent, it becomes impossible to provide services for taxpayers with the tax revenue of the particular fiscal year. Japan will have to fall into the worst situation, where the country borrows for the sake of borrowing.

3. Budget Deficits Will Ruin the Country

What is wrong with a big budget deficit? I would like to give three reasons for that:

(1) A Budget Deficit Is an Example of Laxity and Ill Health

The most important thing for any country is its budget and financial policy. The health of the budget and the steadiness of its policies have a lot to do with the trust placed in the country by people inside and outside the country. The country's budget, in particular, could be called a moral standard for its people. If a country borrows money nonchalantly, saying, "If you are short of money, you have only to borrow it," its debts will increase, with no means of repaying. And the country will patch up affairs by devising temporary financial measures, hoping for a miracle. This is what some companies or financial institutions did, which struck the nation speechless recently.

Frankly, I myself had a hand in that. I had to insert 21 trillion yen, in the form of increased issues of government bonds, in the budget of the current fiscal year and that of last fiscal year. I have a grave responsibility for having further developed Japan's finance toward a deficit tendency despite my "declaration of financial crisis" given just prior to the increased issue of government bonds. I cannot say anything against the criticism that I have no qualification to talk about Japan's budget deficit now as if I were a third party. However, as I feel a grave responsibility for what I did, I would like to pay my serious attention to the future of Japan's finance with a sense of reflection as one of the parties concerned.

We must thoroughly digest the fact that the exceedingly unhealthy state of national finance runs counter to the sincere common sense of the nation.

(2) Budget Deficits Deprive the Economy of Its Vitality

It is now a common perception in the world that a country's expanding budget deficits become a hindrance to the country's economic growth in the medium and long-term perspective. The reason is that the country's financial activities and its economy are closely connected.

It is said that theoretically, budget deficits will raise interest rates due to the increase in the issuance of government bonds, and will restrain private investment. This is sufficiently recognized in Europe. A case in point is Denmark, a small country in Europe. It has been verified that when Denmark took business stimulative measures of the Keynesian type by issuing government bonds during a recessionary period, the negative effects of rising interest rates resulting from the issue of government bonds exceeded the positive effects.

To this there will be an immediate refutation: "There is no need for Japan to worry about it. Japan has a national savings of 1,100 trillion yen, and actually, an increase in the issuance of government bonds does not affect market interest rates." It is a correlation theory of savings and investments. The rights and wrongs of the theory aside, it is impossible to think that Japan's high savings rates will continue in the future. Agencies inside and outside Japan estimate that the country's private and official savings will remarkably decrease in ten years from now, that is, around 2005, when the baby boomers retire and aging society progresses.

Furthermore, huge budget deficits cause the market to lose its trust in financial policies. In Germany, there is a strong sense of alarm concerning this issue, and there is a fear of the possibility of inflation. Sweden had the bitter experience of a sudden rise in its interest rates because the market refused to underwrite government bonds.

What is more important is the fact that budget deficits make national finances lose their ability to promptly deal with the national economy and national life. In the days of high economic growth, a theory advocating a positive financial policy was surely influential: "We have only to wipe out budget deficits with the natural increase in tax revenues at the time of prosperity." Even in the days of high economic growth and prosperity, it was impossible to decrease the balance of government bonds that were issued at the time of recession; and it was very hard to restrain annual expenditures. Even in the days of the bubble economy, fiscal deficits were increasing on a stock bases.

Today it is not easy to sustain a 3 percent rate, to say nothing of the revival of high economic growth. An optimistic, easygoing outlook is unwarrantable today.

(3) Budget Deficits Ruin Fairness Among Generations

Recently President Bill Clinton said: "Government revenues and expenditures must be balanced to secure more funds for future investment by removing the burden of liabilities from our children." In the world of politics and administration, the problems of budget deficits and the burden for future generations have drawn attention, and have been pointed out by economists. In the economic white paper for FY95, it is stated that compared with the present generation, future generations will have to bear an additional burden of as much as 13 million yen per household at discounted present prices.

In the beginning, democratic government began with the people's tax burden. The discussion of taxes is the starting point of politics. It has been said: "No taxation without the representation of the people," but a large number of public bonds have been issued, and a large amount of burden is unilaterally being imposed on voiceless future generations, or on unborn generations when occasion demands.

Japan's government bonds are issued in principle on the basis of the ultra-long-term redemption system — 60 years. This is unusually long compared to foreign countries that have redemption periods of 20-40 years, as well as to local government bonds whose redemption periods are mostly 20 years. For this reason, debt service payments look small, which, in my opinion, has conversely led to a large accumulation of government bonds. Of the country's infrastructure, for which construction bonds are appropriated, how many of them can last 60 years? Some of them may not last more than 30 years. What is judged to be necessary by the present generation may become antiquated or useless for future generations.

At any rate, for us to work according to our present interests and judgment on the premise that future generations will bear the burden needs our serious reconsideration. It is not permissible for us to continue to pass our debts on to our descendants.

4. Why Did This Happen?

Even today, during the final stage of the budget compilation, groups of petitioners continuously visit the Finance Ministry. When I tell them we are in dire financial straits, they refute me by saying: "If a finance minister's task is merely to say there is no money, any one can become a finance minister," or "We know very well that there is no money, but it is the finance minister's task to raise money in the absence of money."

The people's expectations of politicians is limitless. The expectations of the budget are also enormously great. Politicians face a sea of expectations. First of all, politicians try to meet the demands of their electoral districts. Furthermore, politicians, regardless of the reason, try to grant the petitions of organizations that support them in elections as well as those people who support them financially in elections. Such an atmosphere produces the petitioners' remarks mentioned above.

Frankly speaking, national finances are colossal, and they are too complicated to understand. Furthermore, revenues and expenditures are disconnected from the people's consciousness. It can be said that of Japan's public, only dozens of officials from the Finance Ministry's Budget Bureau can grasp the whole picture of national finances. Even though politicians understand finances to some extent, they, after all, strongly work on the Finance Ministry in response to the requests of voters or their supporting organizations.

Although the Budget Bureau also emphasizes the harsh reality of the whole picture every year at the beginning of the budget compilations, it is often overcome by politics. The result is the issuance of government bonds as well as contrivances including special accounts — the art of borrowing money in secret.

In a sense, it is only natural for the people to expect many services from politicians or the government. The problem is that politicians and the government frankly did not reply, within the framework of the order and healthiness of government finances, to the people: "It is impossible," or "Please bear with this," or "We will deal with the matter when the financial situation improves." They simple depended on the wisdom and consideration of the financial authorities concerned. All this has brought about today's situation.

J.M. Buchanan, a U.S. political economist, said: "Under a representative democracy, politicians frantically engage in a grab game for budgets. Voters depend upon politicians. Undertakings become vested interests and they increase in number year after year." How do we rationally consolidate an enormous number of requests by the general public? The world has greeted today without being able to find the key to that question.

5. Smaller Government

When the question of a small government or a big government comes up, I advocate a "smaller government." The government, whether central or local, becomes bigger and bigger if it is left as it is. This may be the fate of democratic government. Therefore, a continuous effort is necessary to reduce the number of government agencies and personnel, and the size of government budgets. Even if constant political reform and downsizing take place, a medium-sized government is all that we can hope for.

Japan's national burden rate stands at 37.2 percent. The U.S. burden rate stands at 36.5 percent, which is almost the same as that of Japan. The burden rates of European countries are all high: 46.2 percent for the United Kingdom; 50.8 percent for Germany; 62.6 percent for France; and 70.0 percent for Sweden, which is quite high. As a backdrop to Japan's national burden rate, we can cite the fact that Japan has continued to cover expenditures through the increased issuance of government bonds. Given the rapid approach of the aging society and of the age of fewer children, a rapid increase in the national burden rate is expected.

I do not think the Japanese people are simply tolerant of this fact. Public opinion may be honestly in favor of greater welfare if it is proposed with no mention of revenues or burden. However, once a big national burden is proposed, the people will be perplexed by "greater welfare with greater charges." When the principle of self-help and a return to traditional spirit are discussed, interdependence between welfare and burden will call for a national discussion from the standpoint of trade-offs. Greater welfare will be implemented with greater charges, and moderate welfare will be implemented with moderate charges. According to public opinion, the choice of "low welfare with low charges" would be unrealistic. At any rate, an "Aladdin's lamp" or "Pandora's box" does not exist.

It is necessary to hold down the national burden rate below 40 percent during the present century and to firmly maintain 40 percent in principle even during the 21st century. However, as an emergency measure against the aging society and the tendency towards fewer children, adding a few percentage points to that figure will be unavoidable during the first half of the 21st century.

Efforts toward a smaller government consists of transferring work from the public to the private sector. We should take away a large number of jobs held by the government and make it slim; that is, we should take drastic measures for restructuring and deregulating. Since the Hosokawa administration, deregulation has been implemented several times. However, the problem is that deregulation is mostly conducted in business circles where there is no opposition. It is unfortunate that no deregulation has been undertaken in business circles where proposed deregulation measures have caused an uproar, or where there are opposition forces.

The primary objective of deregulation is reforming economic structure and revitalizing Japan's economy. The secondary objective is financial reconstruction and realization of a smaller government. Through these two objectives, it will become possible for Japan's economy to regain new vitality, the Japanese to recover the principle of self-responsibility, and us to pave the way for a smaller government.

Next comes a challenge to a smaller government from the standpoint of expenditure budgets. More than anything else, expenditure budgets are services for the people, and they are connected directly with the people's lives. Therefore, it is an impossibly hard task to greatly change the budgets or reduce them. The success or failure of the task depends primarily on the understanding and support of the people. The first consideration in tackling this problem is whether or not the government has nation-wide support. The secondary consideration is whether or not the government's posture is just and impartial in dealing with the problem. It is certain that nation-wide sympathy — "We should deplore not destitution but unfairness" — is indispensable.

6. Even Welfare and Public Works Are No Exceptions

In restraining expenditures, every expenditure should be made the object of restraint, without exception. At the same time, it is desirable for us to make the rules as uniform and common as possible.

Let us take the case of welfare. This field is called a sanctuary. However, as welfare accounts for one third of the national budget, it is impossible to regard this as an exception. Reconsidering expenditures will give us a good opportunity to scrutinize the current system where some welfare works have become the vested interests of individuals or where some welfare works have been hollowed out. We should take this opportunity to reform the welfare system so it will really become one for the truly destitute. This is a change from an all-around welfare policy to a priority welfare system.

First, how do we determine who should receive welfare? Is it all right to determine by a simple, outward factor like income? If the reduction in usage fees and the allowance payments are determined by incomes based on the tax law, then a system of comprehensive judgments, in cooperation with welfare officers or local, nearby, communities, should decide whether or not a person belongs in the low income bracket.

Social security is now divided into three fields — pensions, medical care, and welfare. However, it is very hard for Japan to lead the world in any of these fields in the future. Security should be divided into two fields — "pensions" and "medical care and welfare," and emphasis should be given to one of them for its further promotion. We should conduct a discussion to decide. If a high pension is to be secured, medical care and welfare should be borne by individuals to a certain degree (for example, a fixed amount burden for old age medical care should be raised by 10 percent). If people expect high service in medical care and welfare with low charges, their pension service should be limited (for example, when the aged are hospitalized, or when they are admitted to an old-age home, part of their pensions should be suspended).

Furthermore, with regard to pensions, we should clearly show the people the relationship between the burden and benefit standard by giving concrete figures, and should ask the people to make a policy choice. And, as a choice, we should consider increasing the weight of private enterprise annuity and personal annuity.

Concerning medical care, we should seriously reexamine supply, such as the number of medical doctors and sickbeds; and, as a practical course of action, we should take steps toward combining the areas to be covered by the public medical security system and the areas to be covered by individuals freely.

In the field of welfare, the point is the future of nursing security and ideal childcare. We should not avoid investing public funds in the fields that need improvement and expansion such as measures for the assisting the physically disabled.

Concerning the welfare of the aged, can we not pay attention to the aged's stock assets? It has been a long time since Musashino City in Tokyo established a public welfare corporation, and the corporation has been offering services to the aged based on the security of their land and houses. I contemplated establishing a public welfare corporation when I was engaged in local administration. I think the estimate at that time showed the average assets of the aged in Shiga Prefecture to be in the tens of millions of yen. According to the "Report on Actual Condition of National Consumption" (for 1989) published by the Management and Coordination Agency, net assets per household — 70 years and up — was about 99,710,000 yen. This figure was given at the time of the bubble economy, so the current figure is certainly lower than that. And this is the average figure; there may be many elders who do not even have savings, to say nothing of assets. What I want to point out is the fact that even elders who have considerable assets amounting to 100 million yen, receive welfare pensions borne by the government, or receive medical care almost free of charge if they do not have income. We should seriously consider a system in which necessary, lifetime public services are provided for the aged on the security of their real property; when they die, their property is disposed of, and the total amount required for public services is deducted from the amount derived from the disposition, and the remainder is bequeathed to their bereaved families.

I would like to make a brief reference to public works.

For the past five years, public work expenses increased beyond their original budgets ceilings, and their growth rates have been higher than the economic growth rate. This makes me think that a definite reduction measure in this field is unavoidable.

Furthermore, concerning public works and public facilities, privatization, or contracting operations and management through the service sector is desirable. It has been two years since orders were placed through general competitive bidding. Through the expansion of this system, we should promote the free functioning of the market mechanism in those fields and should aim at cost reduction through fair competition and technological advances.

7. Concrete Proposal for Financial Reconstruction

Now I would like to draw a concrete picture for the sound development and reconstruction of government finances. I am prepared to face severe criticism or refutation, and I also hope that there will be various sincere discussions from a variety of fields.

(1) Three Stages

First, financial reconstruction will cover a period of five years from 1997-2001.

I do not touch on concrete measures by year, and as I have already stated, the reconstruction plan consists of three stages.

In the first stage, I will drastically ease restrictions on the economy and downsize the administration structure. I would like to reform and vitalize the Japanese economy through an expansion of the corporation tax base, to which I will refer to later, and a drastic reduction in the tax rates (net tax reduction, however, will be made in the third stage). Moreover, I would like to seize the opportunity to reconsider the Japanese version of Keynesian economics that has allowed the continuation of public works and the repeated accumulation of budget deficits.

At the second stage, I would like to thoroughly clean up, reconsider, and reform the expenditure structure that is common to both the central and local governments, and which has allowed the accumulation of budget deficits. The target amount of expenditure reduction is 5 trillion yen at the central government level and 5 trillion yen and more at the local government level.

At the third stage, I will have to ask the people to seriously discuss the rightness or wrongness of a painful tax reform and a tax increase with the full realization that much to our regret, the recovery of balanced budgets is impossible despite that.

Now, concerning the reconsideration of expenditure and the reduction of 5 trillion yen, we should undertake a uniform 5 percent reduction with regard to a general expenditure of 43 trillion yen. There must be no exceptions to this arrangement. This arrangement will be applicable to welfare, education, personnel expenses, pension expenses, defense expenses, and ODA [Official Development Assistance]. Some 2 trillion yen will accrue from this arrangement. As targets, 1 trillion yen will be reduced from the whole welfare expenses, 1 trillion yen, from the whole public works expenses, and 1 trillion yen, from education, defense, ODA, and others, all of which will be added to the amount accrued from the 5 percent reduction mentioned above.

In reducing expenditures, the first consideration must be given to waste and inefficiency. Next, we must carefully examine the priority order of undertakings and policies, and must eliminate those whose priority is low. Furthermore, concerning those undertakings and policies which are based on governmental and ministerial ordinances, we should reconsider the expenditures through the amendment of those ordinances.

(2) Tax Reform

Next comes tax reform. The cardinal principles of tax reform are "impartiality, neutrality, and simplicity." Moreover, as a tax system, we must consider the balance of taxation concerning income, consumption, assets, and others. Especially, the correction of the direct-indirect tax ratio cannot be avoided. Furthermore, what is to be noted is that there is an increasing demand for international normalization of taxes among industrialized nations. We can no longer close our eyes to tax adjustment across national boundaries in order not to needlessly expand the overseas shift of manufacturing — hollowing out. Furthermore, now is the time of decentralization of power. Therefore, concerning the ratio between national and local tax revenues, it is necessary to expand local tax resources through the transfer of tax resources to local governments according to roles to be played by the national and local governments.

On the basis of the above principles, I would like to discuss the reform of major tax items.

(Corporation Tax)

To vitalize the economy, on a parallel with deregulation and others, the corporation tax common to the national and local government should be decreased by about 10 percent in terms of the effective tax rate, and the medium and long-term target should be 40 percent like the United States. In addition to the above measure, we should seriously coordinate and rationalize the special taxation measures that have become vested interests, as well as the reserve fund system and others that are not adopted in the United States. Thus, we will resolutely expand the tax base and cover a decrease in revenues that will be caused by the lowering of the effective tax rate.

Moreover, even if there is a decrease in revenues that cannot be covered by these measures, we should deal with the matter through reduction of expenditures for the industrial promotion policy.

(Consumption Tax)

The consumption tax will be changed into a "tax for the purpose of welfare." At present the local consumption tax is introduced, and when distribution of the local allocation tax is added to this, the ratio between the national and local governments will be 56.4 percent to 43.6 percent. With this as a premise, I would like to propose an increase in the consumption tax in 2001.

The consumption tax will be discussed from the following three points: 8 percent [case No. 1]; 10 percent [case No. 2]; 12 percent [case No. 3].

In this case, the portion exceeding 5 percent of the consumption tax should be clearly defined as a tax for the purpose of welfare, and we had better venture to give the tax a name appropriate to that purpose. For example, we should reorganize the current consumption tax system in the following way: 55 percent will be made the national tax as the "pension, medical care, and welfare tax," and 45 percent will be made the local tax as the "local welfare tax."

A five percent increase in the consumption tax was legalized through the tax reform in 1994. The revenue to be increased through a two percent hike is to be used as tax reduction sources for the income tax and the resident tax. If a one percent increase brings in a revenue increase of about 2 trillion yen [excluding consumption tax expenses to be borne by the government and the local bodies], 8 percent will bring in a revenue increase of 6 trillion yen; 10 percent, 10 trillion yen; 12 percent, 14 trillion yen. If they are divided proportionally between the government and the local bodies, there will be an increase of 3.3 trillion yen for the government, and an increase of 2.7 trillion yen for the local bodies in the case of 8 percent; an increase of 5.5 trillion yen for the government, and an increase of 4.5 trillion yen for the local bodies in the case of 10 percent; an increase of 7.7 trillion yen for the government, and an increase of 6.3 trillion yen for the local bodies in the case of 12 percent.

(Income Tax)

Great reforms in the income tax have been made twice for the past few years, and inequalities in income have been smoothed out. Moreover, further discussion and reform are necessary concerning the maximum limit for the tax rate, the minimum limit for the tax rate, the lowest taxable limit, and the division of the tax rate. In addition to these reforms, we must tackle the pending problem of consolidation of the income tax as well as introduction of a taxpayer identification number system. If it is introduced within five years, a revenue increase of 1 trillion yen can be expected.

(Other Taxes)

Furthermore, given an increased criticism against smoking, and as a restraint on smoking by juveniles, I would like to propose a three yen hike per cigarette concerning the tobacco consumption tax, expecting a revenue increase of 1 trillion yen.

In addition, we should question the ideal way of taxation on property, such as the land-value tax, the municipal property tax, and the inheritance tax. To preserve the earth environment, we must seriously consider an environment tax intended for oil, gas, and others. We cannot avoid the reform of the Exceptions to Tax Laws Act, but I have decided to withdraw it from consideration because that will complicate the proposed scheme of mine.

(3) Prospects for Reconstruction

Now, on the supposition that these reforms are possible, to what extent will financial reconstruction be realized? Please refer to the following tables.

My goal is to have the budget of the single fiscal year that is well balanced in revenue and expenditure at the time of budget compilation five years later. Here I will adjust the figures by setting forth fiscal 1996 as a premise.

The general account of the budget for the current fiscal year is 75 trillion yen; of the government bonds, the construction bonds are 9 trillion yen, deficit-covering bonds are 12 trillion yen, totaling 21 trillion yen. The deficit-covering bonds include 2 trillion yen of special tax reduction, 3.5 trillion yen of institutionalized tax reduction, and expenses to deal with the failed jusen housing loan companies. I think these figures had resulted from the special situations of the current fiscal year, so the deficit in the average year can considered to be 6 trillion yen. If the construction bonds of 9 trillion yen is added to that figure, the deficit will be 15 trillion yen.

With this figure as a premise, let us look at case No. 1. In the case of the central government, it is possible to reduce 9.4 trillion yen of government bonds through expenditure cuts and tax reform. It is possible to reduce the issuance of deficit-covering bonds to zero and to reduce the issuance of construction bonds by one third. These, however, are not enough to make revenue and expenditure well balanced. However, if reduction of the corporation tax is restricted to 10 to 5 percent, the financial reform of the central and local governments will be further promoted.

Let us look at case No. 2. In the case of the central government, it is possible to reduce 11.6 trillion yen of government bonds, and there remains 3 trillion yen of construction bonds to be issued. This figure is in accord with what the Finance System Council once said in its report: It is desirable that the issuance of government bonds be restricted within 5 percent of the budget of the fiscal year concerned.

In the case of the case No. 3, naturally there is the greatest possibility of our having sound finance through reduction of government bonds. In the case of the central government, it is possible to reduce 13.8 trillion yen of government bonds, and there remains only 1.2 trillion of construction bonds, reducing the rate of dependence on government bond issues to nearly zero. In the case of the local government level, there is an expenditure cut of 5 trillion yen, and a tax reform effect of 7.2 trillion yen, totaling 12.2 trillion. Thus, there is a possibility of local financial reconstruction in the single fiscal year.

The problem is that although it is possible to stop the issuance of deficit-covering bonds over again, construction bonds have to be issued continuously to a certain degree. The greater problem is that we cannot do anything about an extravagant amount of debts accumulated so far [accumulated deficits including government and local government bonds reach 443 trillion yen as of today].

Many people may say, "Mr. Takemura, you do not have to do things so thoroughly." However, so long as there is a mountain of debts to be repaid in 60 years, I have to say that Japan's financial reconstruction is only halfway through even if the case No. 3 is realized. If I look at even hidden debts or unhealthy elements that lie behind fiscal investment and loans, my self-evaluation is 50 points. I had better call my reform as the first financial reform. However, I can say with certainty that this is a big step toward financial reconstruction and sound finance.

In this connection, I would like to say that my scheme does not include a natural increase in tax revenues due to economic growth. I think these revenues should be devoted to the repayment of hidden debts like debts incurred by the former Japanese National Railways, or to new undertakings that cannot be avoided in the future. And I would like you to understand that I also close my eyes to an inevitable increase in social welfare expenses attendant on aging society.

Moreover, there are many problems in special accounts and fiscal investment and loans. Once again we should strive to coordinate, rationalize, and privatize special public corporations. On a parallel with this, we must tackle the problem of fiscal investment and loans, for which 1 trillion and hundreds of billions of yen of general financial resources [taxes] has to be invested.

When I had written thus far, I unconsciously looked out of the window. I was in one of the rooms of the National Diet Library. A group of demonstrators who were against the jusen problem were yelling in chorus, "Do not use tax money for the jusen housing loan companies. Slash 685 billion yen."

I remembered a fierce opposition raised against the Tokyo Metropolitan Government when it tried to allocate 30 billion yen for the liquidation of two credit unions.

I deeply felt the people's great distrust in politics and government as well as their keen consciousness as taxpayers. I would like the people to direct their attention to fields other than the jusen problem. I would like the people to have an interest in each of the expenditures that are more than 100 times as large as 685 billion yen.

I would like the people to ask themselves: What is the relationship between expenditure and revenue? What is the situation of Japan's financial structure and why? Who is responsible for that? How can we have sound finance?

I sincerely hope that those demonstrators who are appealing in a loud voice will understand the outline of Japan's finance and will feel the necessity of having sound finance.

8. Tackling Financial Reconstruction

Now, the problem of financial reconstruction is very urgent. In fact, the sooner, the better. However, we cannot ignore Japan's economic situation. I think we should begin financial reconstruction when Japan has attained a two percent of economic growth.

All the same, its success or failure depends on public opinion. How much support do the people give to the prime minister or the government that advocates financial reconstruction? To what extent do the people give a favorable response to politicians or political parties that advocate financial reconstruction? Will the people direct their sincere attention to this difficult task, the methods and contents of the tackling aside?

Once former Prime Minister Masayoshi Ohira proposed, before elections, a financial reconstruction plan that included a tax increase, but he withdrew the plan when it was criticized in the elections. The Yasuhiro Nakasone administration took the trouble to make a campaign pledge that he would not introduce a new consumption tax. However, after the elections, he presented the sales tax to the Diet, which was rejected due to a severe criticism.

People who tackle financial reconstruction, and their posture toward reform and the timing of reform will be put to a severe test. Is it possible to find the reform with the present distrust in politics?

I believe that the people's judgment is sound in most cases. For this reason, the most important thing is to positively open and present accurate information to the people.

It is often said, "He who suggests it should be the first to it."

Politics should take the initiative in its reform no matter how painful it is.

First of all, what about cutting legislators' compensation by 20 percent? We must also tackle the reform of the management of the Diet, which is inefficient and uncomprehensible to the people. Now we should tackle reduction and rationalization of the organization and personnel of a big Diet. The ideal way of donations by enterprises and organizations will be reexamined five years from now, and the time for that is approaching. Both the ruling and opposition parties must reach an agreement that is acceptable to the people.

Concerning public funds granted to political parties, we should examine whether we should merely reduce the funds by 20 percent, or whether we should grant the funds not to political parties but to legislators as in the United States.

Now there is a move to reexamine the election system. I am against the idea to abolish the current system and to readopt the former multi-seat constituency system as it is. Boldly speaking, I will agree to the reform if it is to drastically reduce the number of Lower House members from the current 500 to 300, and the number of Upper House members from the current 250 to 150. Of course, in this case, we have to discuss the election system anew. At any rate, at the beginning of financial reconstruction, we politicians must make politics easier for the people to understand, and make an indomitable resolve to implement reform.

Now I would like to make a brief reference to the relationship between the economy and finance. Once the economy becomes recessionary in this country, the business community expect much from the government or its criticism against the government is immediately heightened. When the yen rapidly appreciated in last March and when business stagnation was feared, the business community criticized the government in chorus.

The business circles call for "large-scale business stimulative measures," "public works to be undertaken within the fiscal year concerned" and so forth. Furthermore, they say that "the government does nothing," and as business stimulative measures, they even call for "the change of government" and "dissolution of the Lower House and general elections."

When the economy is recessionary, it is good to lift up one's voice in protest against the government and to make various requests of the government. I frankly admit that the government's responsibility is great. However, I do not think it right to expect too much from the government and to call for all-out implementation of policies of the Keynesian type. Actually, all these have been repeated and carried out faithfully. Now, in the United States and Europe, public works are not undertaken as business stimulative measures. This is partly due to a decline in the multiplier effect of public works. We must take note of the fact that it is rather financial policy that is the center of business stimulative measures.

I think it necessary to build an economic structure that does not depend solely on public works as business stimulative measures.

9. Looking Back on a Small Experience

Twenty-one years ago, I took charge of the government of Shiga Prefecture. My first task was the financial reconstruction of the prefecture.

At that time in Japan, local finance was in a very miserable state due to the effects of the second oil shock. In addition, Shiga Prefecture had begun the Biwa Lake comprehensive development plan with great fanfare. The government of my predecessor had taken bold financial measures in every field. The prefecture's financial state is symbolized by its Laspeyres index, which was 114 — the fourth place in Japan. I was destined to succeed a heavy budget deficit.

On the day subsequent to my inauguration as governor, I was very surprised to find that the prefecture's safe was empty. Immediately I announced that the salaries of prefectural employees could not be paid on the payday. At the same time, I declared that I would shelve my campaign pledges and that I would tackle financial reconstruction instead.

First of all, I decided to reduce the governor's salary by 20 percent, and I also cut managerial officers' allowances by 20 percent. Moreover, compilation of the budget was conducted solely under my leadership, and I reduced every expenditure.

All public works to be undertaken solely by the prefecture were uniformly cut by 50 percent, and budgets for roads to be built solely by the prefecture were reduced from 1.7 billion yen to 600 million yen — almost one-third decrease against the previous year. Events sponsored by the prefecture, such as a prefecutural athletic meeting and a prefectural cultural festival, were suspended for a year; subsides to each organization were uniformly cut by 20 percent. I had special negotiations with Kaiho Union in the governor's room and obtained its consent that the operating expenses already promised by the former governor would be cut by half. It was decided that 20 percent of the public works subsidized by the central government would be canceled. This mortally offended the Ministry of Agriculture, Forestry and Fisheries as well as the Ministry of Construction, which afterward affected us for a long time.

The last task was reduction of personnel expenses, and I had to have negotiations with the labor union that had supported me in the election. I appealed to the union, saying that unless the prefectural finance was reconstructed, nothing could be done. Finally I obtained the union's consent: that personnel would be degraded by one step in their salary scale; a salary hike would be suspended for nine months; adjustment allowances would be cut by 1.0 percent. This amounts to degradation by two steps in the salary scale. The contents of the negotiations were very harsh. However, when I politely explained that we were in dire financial straits, the labor union members showed their understanding. In the end, they said, "Let us protect the governor whom we elected." Finally, the leaders of the union showed their understanding with applause, and saw me off. I can still recall the sight to mind vividly.

Thus, the budget, which was reported in the newspaper as the "Budget with Apology," was complied.

"My dear citizens of the prefecture. At last, a new budget has been complied.

"Frankly speaking, however, this budget will be unable to satisfy you completely.

"I am sorry to say that almost no new undertakings have been included in the budget. Most of the undertakings that had been promised so far have been postponed or suspended.

"Moreover, the undertakings that have been carried out every year have been scaled down or reduced.

"To the prefectural finance, this is a budget making a backward movement. I am sorry to say that this is a budget that calls for austerity on your part. Moreover, although the budget has been trimmed down so much, this year's deficit remains as it is. Even in a new fiscal year, the budget must make a start, with a structure prone to deficits."

This is a preamble to the "Governor's Talks," which were given when Shiga Prefecture's Budget for fiscal 1975 was published. With a bittersweeet sense, I recall to mind the hard-got experiences of more than 20 years ago.

For Japan to pass through the gate of the 21st century and to brighten its prospects, the country must accomplish the task that is several hundreds times as difficult as my small experience. For the sake of our precious future generations, we cannot avoid taking a tough journey to a responsible reform.

Japan: Southeast Asian Military Exchanges Noted

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[Article by Hiroshi Ikawa, DRC researcher; director, Miltech, Ltd.; former Rear Admiral, Maritime Self-Defense Force. Article originally titled "Defense Exchanges with Southeast Asian Nations"]

[FBIS Translated Text] Recently I had the opportunity to participate in the second Defense Research Center [DRC] research and survey mission to Southeast Asia. Consequently, I would like to take this occasion to review the experiences I had regarding exchanges with various Southeast Asian countries while on active duty with the Self-Defense Forces [SDF]. I was assigned as an educational officer at the National Defense Academy in the summer of 1962. At that time, there was a third-year Thai foreign student by the name of Supit Apaion [name as published], who was in the 8th class at the Academy as a naval officer. As a matter of fact, another Thai student by the name of Chonchen Buennashirupin [name as published], who was a member of the 6th class, had been the first foreign student to study at the National Defense Academy. Later, in addition to students from Thailand, those from Singapore, Malaysia, the Philippines, and Indonesia, studied at the Academy. When we visited Singapore on this recent trip, we held discussions with more than 10 former graduates of the National Defense Academy, and saw that they are actively building on their achievements as foreign students in Japan in their careers. This deepened our feeling that without a doubt in the future through confidence building and such, these men will make major contributions when it comes to exchange with Japan. In the autumn of 1981, when I was serving as commander of the 34th Escort Flotilla in Regional District Sasebo, a group of trainees who were enrolled in the 29th general course at the National Defense Training Institute (now the National Institute for Defense Studies, or NIDS), as part of their domestic training visited the island of Tsushima and then made a training cruise to

Sasebo. There was a Singaporean trainee in the group. The National Defense Training Institute had only from that year begun accepting foreign students, and he was one of the first foreign students. The National Defense Training Institute began in 1973 sending members of the regular training course on visits to Southeast Asian nations for overseas training. I was also later assigned to NIDS. During that time, in 1989, the Defense Agency was granted budget authorization for international exchange of researchers in such areas as international military conditions and defense policy. Most of these activities were implemented by NIDS. When then Defense Agency Director-General Tsutomu Kawara paid a visit to Indonesia and Singapore in June and July of the previous year, 1988, he held discussions with the respective defense ministers in those nations and promised to expand defense-related personal exchanges in order to deepen understanding of Japan's defense policies in the ASEAN countries. This authorization was an outgrowth of this activity. So we could say that his journey served as another new step in exchange with the Southeast Asian region.

The contents of his discussions included explanations of strategic research exchange and defense policy. Regarding the first strategic research exchange, researchers were invited to Japan and Japanese researchers were dispatched overseas. In September 1989, Navy Commander R.M. Sunarday [name as published], responsible for education and research institutions and the personal staff officer to Indonesia's Minister of Defense and Security, and in October 1989 Colonel Tang Yong Sun [name as published], responsible for the policy division in Singapore's Defense Ministry, were invited to Japan. Each remained here for about two weeks, during which time they attended research meetings sponsored by NIDS and engaged in study and training conducted by the Ground, Maritime, and Air Self-Defense Forces. Then, Kazuo Kimura, the head of the NIDS 2nd Research Department, visited countries in Southeast Asia in January 1990. He remained in the region for about two months, during which time he participated in research conferences and other events at the local defense agencies or research centers.

Second, secretaries and other staff officials were dispatched to the two countries (Indonesia and Singapore) to provide explanations of Japan's defense policies and to engage in exchanges of opinion with individuals involved with defense in the deazfense ministries and other government agencies. Exchanges continued thereafter as well. For example, Major Choy Sin Kwok [name as published], who as acting head of the Security Intelligence Division (SID) within Singapore's Ministry of Defense, strongly supported all aspects of our recent visit to Singapore, from planning to execution, was one of the researchers invited to Japan in 1991 as part of the Third Strategic Research Exchange. Each year since 1994, military personnel from the ASEAN countries have been invited to Japan to attend the NIDS Asia-Pacific Security Seminar.

Furthermore, in the autumn of 1996 the Defense Agency plans to gather defense planning experts from several Asian and Pacific nations under one roof for a round-table discussion on regional security. It has made clear that it wants this to become an annual event. In addition, in recent years the National Defense Academy has sent students (actually only three students) for short-term training (of about three weeks) at Singapore's Officer's School. It is also accepting foreign students from the ASEAN countries and elsewhere to attend the officer training schools operated by the Ground, Maritime, and Air Self-Defense Forces. The Defense Agency is thus developing a framework for deepening exchanges with Asia-Pacific nations in the future. In January 1996, the first interim study conference of the ASEAN Regional Forum (ARF) was held in Tokyo, bringing together administrative officials from the foreign ministries, defense ministries, and military forces of the participating countries. The meeting reached broad agreement on efforts to publish defense white papers as a first step in promoting to some degree mutual understanding of military strength and defense policies and to promote the exchange of military personnel.

In this last survey mission as well, through exchanges of opinion with defense ministry officials as well as official and private strategic research organizations, we keenly felt that, in order to maintain the peace and security of the Asia-Pacific region in a post-Cold War era in which regional conflicts pose a new threat, the cooperation of the region's nations is indispensable. Moreover, we keenly felt that in achieving this cooperation the greater understanding that can be achieved of conditions in each of the countries through greater exchange among defense officials and joint research on regional security would be effective.

The DRC sets, as one of its goals, efforts that serve as a lubricant for the effective promotion of official activities. One could say that our activities are promising in that they supplement those that are difficult to take in public. I also think that it is important for the DRC to grasp the direction of official activities and consider links to them in future exchanges of opinions involving even more concrete issues and other activities in order to play an even more useful role in exchanges between the nations of the Asia- Pacific.

Japan: ASO Officer Views ASDF Technology Issues

OW0606021096 Tokyo WING in Japanese 8 May 96 p 2

[Unattributed interview with Colonel Koichi Ataka, Director, 2d Technical Division, Development Department, Air Staff Office]

[FBIS Translated Text] [WING] What are your ambitions on assuming your post?

[Akata] Now that I am directly involved with numerous issues related to the development and testing of new types of aircraft, I am thankful that I should be stepping into this important post, especially since the head of the 2d Technical Division has been a former fighter pilot ever since the time of Yuzo Ohei, (graduate of National Defense Academy 1st Class, assumed post in 1981). Since graduates of the Trainee Pilot Course (TPC) have the duty to bridge the gap between operations and technology, in carrying out the responsibilities of this job, I would like to fully reflect opinions from both sides.

[WING] What are the likely developments among the things you for which you are responsible?

[Ataka] First of all, I would like to discuss the practical testing for the XF-2. Since this is the first instance of a major Japan-U.S. joint development project, I would very much like to see it succeed. Unlike the case of independent development, the United States is very much involved in the development process, so no doubt thorny problems are likely to emerge. However, I would like to complete the program through mutual cooperation. We are also preparing for the practical testing of the U-4 multi-purpose support aircraft and the E-767 airborne warning and control aircraft (AWACS). With the U-4, we do not foresee any major problems at this stage, since there were hardly any development requisites involved. But the E-767 is a different story, since the aircraft is undergoing substantially modification. We might therefore encounter quite a few problems. Especially considering the fact that the AWACS is an extremely important project that is likely to more or less determine the future course of the Air Self-Defense Force [ASDF], I believe that we must ensure its success. In addition, when it comes to upgrading of aircraft currently in service or determining the next-generation successor aircraft, I can point to several instances where we have work to do. Here I believe the future trend we should be looking for would emphasize coordination among different aircraft types. Thus, in the future we need to emphasize upgrading of capabilities rather than completely new equipment. Here I am referring not only to replacing radar or other such equipment but also to possible upgrades in capabilities through the substitution of new computer software. The most critical element here is to reflect operational needs accurately in technical development. Even if a given technology is superior in its own right, if it cannot be utilized operationally, it is totally meaningless for us.

[WING] What do you look for in your subordinates?

[Ataka] More than anything, I would hope that they would fully allow for compatibility between operations and technology. Only seldom do people from operational units come to visit us in person at the 2d Technology Division. Likewise, rarely do those of us responsible for technology have the opportunity to go the field. It is said that our people only travel to front-line units on the average of once a year. In assuming this post, I have made a commitment to promoting congruence between operations and technology. I am therefore emphasizing the responsibility of us on the technology side—as suppliers for the needs of the operational units—to make good technological matches.

In addition, I would like our people to enjoy their work and have a bright outlook. However, it must be admitted that serving in the Air Staff Office (ASO) is no doubt exacting duty and not likely to be very enjoyable. However, assignment to an ASO post or position reflects high expectations for the abilities of the individual in question. So I would hope that individuals so honored would enthusiastically think to themselves, "If I do not handle this job, who will?" Then they will go forth and exhibit their abilities to their fullest.

[WING] What are your impressions gained from previous duty?

[Ataka] I believe that I have been lucky in the wide scope of my career. Since graduation from the test pilot's course, I have had the opportunity to fly nearly every sort of ASDF fighter, including the F-86F, F-104, F-4, and F-15. Especially when it came to the F- 15, at the time that the Japanese version was introduced (including the data link system, etc.), I participated in flight training at Gifu Air Base with Ishiki Tanaka and Seiji Kagawa, who now are respectively director of training and education for the Aerosafety Service Group and commander of the 6th Air Wing. I also served as commander of an F-15 squadron having two flight groups while stationed at Chitose Air Base. So all in all I feel that I have had quite a fulfilling career as a pilot. Altogether, I would estimate that I have flown F-15s for about 1,000 hours.

Koichi Ataka was born on 25 October 1947 in Oita Prefecture. Influenced by his father, who had been in the Imperial Navy, Ataka had dreams of joining the Maritime Self-Defense Force. He therefore went to the National Defense Academy and majored in aeronautical engineering. Because of the shortage of students qualified for flight training, he entered this area and qualified as a pilot. In 1971, after graduation with the 15th class of the National Defense Academy, Ataka joined the ASDF. His service with the ASO has included two stints with the Defense Division and service as the head of the Planning Section of the Education Division. After serving as the commander of the flight squadrons in the 2nd Air Wing, he assumed his present position in March 1996.

Ataka's interests include kendo, tennis, and golf. Although he gave up kendo for a time, after being assigned to the ASO, he resumed training for the sake of exercise. He swings his bamboo sword in the training hall inside Defense Agency Headquarters at lunch time every other day. He says that, unlike his student days when he was forced to practice, now that he is practicing on his own volition he can understand the allure of this martial art. Ataka plays tennis with his wife and friends on his days off. The couple have three boys. The oldest is studying full-time for university entrance examinations, the second oldest is in the first year of high school, and the youngest is in the first year of junior high school.

Japan: Professor Karatsu on Japanese Defense Technology

OW0306132196 Tokyo SECURITARIAN in Japanese Apr 96 pp 11-14

[Unattributed interview with Professor Hajime Karatsu, Tokai University Institute of Research and Development, originally titled "How Japan's Defense Technology Should Be"]

[FBIS Translated Text] Kiyomizu pottery techniques became the basis for ceramics technology. The basic technology for chemical fibers is the basis of the FS-X's main wings. In Japan, advanced general-use technology is a full set forming the basis of defense technology. Is there thinking particular to Japan for making use of technology? Hajime Karatsu, a fount of opinions in the world of technology, speaks with frequent reference to particular episodes on how Japan's defense technology should be.

Full Set Characteristic of Japanese Technology

[SECURITARIAN] What would you say is the level of Japanese technology, and what are its characteristics?

[Karatsu] During the Second World War, I was at the Aeronautics Research Laboratory studying radar to mount on aircraft. That was a war of technology against technology, and I was strongly impressed that it would be a one-sided game if we did not develop a radar. Some of our technologies then rivaled the best in the world. However, other technologies were far behind, and we could not reach a balance.

The characteristic feature of Japanese technology today is expressed in the term full set. We can accomplish anything. The United States, on the other hand, has a completely free economy. Things are simply ended when they look as though they will not pay off. That point is the Achilles' heel of the United States. I think that having a full set of basic technology, as Japan does, would be very difficult in a country like the United States.

Comparison of technology levels with the United States should be done in three broad categories. The first is the fields where Japan is technologically strong, including those like forging machines needed for basic industrial technology, as well as optical equipment as represented by copiers. Facsimile machines are part of that, and they were built because of Japan's culture of Chinese characters.

The next is fields where the two countries have a tight technological interdependence. The semiconductor field is a classic example of that; the international division of labor progressing. As is often said, the United States is extremely strong in microprocessors, but not so good in memory, and so the two sides have built the products at which each is best, then exchanged them. In the field of automobiles, Japan has local production plants in the United States, but at present there is the strange situation that America's leading exporter of automobiles is Honda, and GM is in third place (laughter).

The third category is fields where Japan lags far behind and is having a hard time. One example is the chemical industry. The United States is full of extremely strong chemical companies, as represented by Dupont.

Roughly speaking, those are points we should consider in terms of the level of Japan's technology.

Advanced Technology is That Which Goes Beyond Limits of Technology

[SECURITARIAN] We often hear the term advanced technology. How is Japan on that point?

[Karatsu] We tend to think of advanced technology as something specific, like semiconductors or biotechnology, but that is not really the case. It is technology that goes beyond the limits of existing technology. For example, the machining center at the Matsuura Machine Works in Fukui prefecture makes 75,000 revolutions when machines there were previously at 20,000 revolutions maximum. That is a kind of advanced technology. The level of that sort of technology is very high in Japan.

Another thing is that we have ceramics technology now, thanks to the porcelain technology that came from things like Shimizu pottery. Such ceramics have appeared as the piezoelectric elements used in car navigation systems. The technology did not suddenly appear. I believe it develops continually through the combination of old technologies.

However, Japan is quite weak in developing applications, which is a matter of saying that technology could also be used for this. For example, there are frequent stories of research that receives poor marks in Japan, is appreciated in the United States, then becomes famous as a reverse import. Carbon fibers were not considered useful for anything but fishing rods in Japan. In the United States, however, they were put to use in structural materials. I think this is related to the nature of Japan's overall technology policy. I have noticed that whenever some new principle of research is discovered, we lack the strength to take it up, evaluate it properly, and put it to use.

General-Use Technology Basis of Defense Technology

[SECURITARIAN] How about defense technology?

[Karatsu] The level of general-purpose technology is directly related to the level of defense technology. The interdependence of Japanese and U.S. technology is very high in the FS-X, which was developed jointly by both countries. Examples include the main wings, which used carbon fiber co-curing technology, and the active phased-array radar, which were developed independently by Japan. Carbon fiber became possible because Japan's basic technology included chemical fiber technology, and the main wings were built as an application development of that. Even though the co-curing technology to build the FS-X wing has been turned over to the United States, at its roots are things that cannot be done without Japan. Both sides understand this, and I think that we should have a great deal of technical cooperation like that on the FS-X.

Accordingly, Japan has almost all the technology that forms the basis of defense technology. Therefore, the question is what to build using it, which is an important question. But the question of what to build is not a technical question. It is the result of questions of strategy. Where do the answers to questions of strategy come from? Frankly, I think that they come from combat experience. For example, one problem the United States had in the Gulf War was that tanks broke down in the desert sands. Then they looked into reports that a special paper made by Japan's Awa Paper Mfg. Co. could be used for engine filters; the tanks ran when they tried it. That story is another indication that Japan's general-purpose technology can be an adequate foundation for defense technology, and is actually useful.

Relationship of Trust Important in Technology

[Karatsu] To change the subject, there is a Japanese manufacturer of plastic models, called Tamiya Inc. When a car maker produces a new model, Tamiya produces a plastic model of the new car. That really would not be possible unless they received engineering drawings during the development period. All automobile manufacturers normally maintain great secrecy about the release of new models, but they make an exception for Tamiya because of its long relationship of trust. Ultimately, a relationship of trust is key to technology. Once a relationship of trust is created, then national security secrets are not an issue. I believe the question of how to build up a relationship of trust is the most important factor in Japan's defense technology.

For that reason, I think a system like Japan's, where officials rotate frequently, is not good at all. In the U.S. Defense Department it can be seen at a glance that people move around. In effect research is conducted in cooperation with think tanks and such, and there is frequent exchange within private and public organizations. Continuity is extremely important to technology, and from the perspective of continuity, the Pentagon functions very well. When the United States was rebuilding its semiconductor industry, for example, an IBM vice president named Block became director of an organization called the National Science Foundation. He was extremely productive as a the person responsible for U.S. science and technology policy. Now there is an organization called the Council on Competitiveness, which has the goal of improving the competitive strength of U.S. industry, and it is doing that job. I am quite envious when I see how it is flourishing.

Towards Active Exchange of Technology

[SECURITARIAN] What are your views on what Japan defense technology should be like?

[Karatsu] The nature of Japan's defense technology is the issue. Defense, as I said before, is close combat between technology and technology. For example, if an aircraft that can climb to 10,000 meters is pitted against one that can only reach 5,000 meters, it is no contest. That goes without saying. Defense technology is a field in which the differences are just that clear. It is well understood that spiritual strength is not adequate and that the outcome of the fight is clearly determined by the difference in technology. In that sense, it is an extremely good thing that the new National Defense Program Outline [NDPO] aims for more advanced technology in equipment. The Japanese people need to be told that the level of Japanese technology is high. When a Japanese anti-ship missile was tested in the United States, for instance, it was said to strike the target every time. People do not realize how amazing that is. When military officials of other countries are invited for a public display, it is important to give demonstrations of technology so that the viewers will be strongly impressed with the high level of Japanese technology and the superiority of its equipment. That is because it is better not to have to put the equipment to actual use.

Next, the Self-Defense Forces [SDF] do not have any combat experience. For that reason, too, we should maintain close relations with the United States and the nations of the Western alliance. The United States also desires Japan's superior technology. I think that it is best to go ahead on the basis of give and take.

Japan's Own Thinking Desired To Make Most of General-Use Technology

[Karatsu] One particularly stringent point related to defense in Japan's case is that the numerical framework is limited. Other countries can export weapons, but Japan prohibits weapons exports. I am not trying to say, however, that we should have no limits on weapons exports. The thing that has to be considered in a limited market like Japan is how to incorporate general-purpose technology; there is no alternative. Since what we call technology is ultimately made up of a variety of technologies, it cannot be done right unless one has a firm grasp of the basic technology that constitutes the foundation. What Japan has a firm grasp of is general-purpose technology. Another way to look at it is that we differ from the United States on the point of how to make skillful use of general-purpose technology. The United States creates specialized weapons with no regard for cost, but that is out of the question in Japan. Fortunately, however, Japan has excellent advanced, general-purpose technology, and so it would be good if it could be incorporated skillfully into defense applications.

This is important: I have proposed building a gun with 100 percent accuracy, a gun that is sure to hit the target if you just point it and pull the trigger. In principle such a thing is possible, so I think we should do it. Special ceramics are used in today's car navigation systems; they are able to sense an automobile's every movement. If such ceramics were built into the gun, it would sense all the gun's movements, so if the trigger were operated in connection with that, you would hit the target. Japan could build one within a year or two, if it decided to do so. That is the kind of inventiveness we need. It is not being done in the United States or anywhere else. Japan should use its own way of thinking.

Technological Deterrence Demanded

[SECURITARIAN] What are your views on consideration of Japan's defense?

[Karatsu] As an example, you cannot discuss how to protect sea lanes if you do not know which routes ships travel. Setting aside the technological issues, I think it is very important to put that sort of basic data in order from the defense perspective, and make it known to ordinary people. It is necessary first to have a systematic grasp of those basic defense needs before talking about what kind of technology is needed to do this or that.

It would be best to create a situation where other countries have the understanding that there will be a terrible price to pay if they move against Japan clumsily. How to bring that about is something that should be discussed by the people as well as the government.

[SECURITARIAN] You are saying deterrence has an important role. What do you think about the idea of technological deterrence?

[Karatsu] There is an interesting story related to deterrence. Apparently counterfeit pre-paid cards have become the biggest problem in the pachinko world, and so the operators came up with a solution. Since memory has become extremely cheap, they have installed miniature cameras in the machines and store photos of customer faces in memory. Faces can be distinguished by means of image recognition, so if someone uses a counterfeit pre-paid card, the data can be communicated nationwide. After that, the customer cannot do anything. The important point is that it is not necessary to put expensive cameras in every machine; a lot of fake ones are mixed in. One cannot tell by looking which ones are real, so as long as there is a lens there, the counterfeit pre-paid cards are not used. That is what we call deterrence (laughter).

The idea behind deterrence is that the issue of whether to wage war or not is an emotional one. So if the opponent is made fearful, he will not strike in the first place. In that sense, I consider surveillance satellites necessary. Japan is unsurpassed in the technology for taking photographs from satellites. That is because the resolution of Japanese lenses is the best in the world. We have all the elemental technology and manufacturing technology needed to build surveillance satellites. I think that obtaining information quickly by means of surveillance satellites will become increasingly important. If we can make other countries think that Japan may know what they are doing, that will be effective deterrence.

Biographical Note

Born 1919; graduated Tokyo University Faculty of Engineering; previously employed at Nippon Telegraph and Telephone Corp. before joining Matsushita Communications Industrial Co.; became managing director in 1978; awarded the Deming Prize in 1981; author of the recent book SANGYO KUDOKA GENSORON (The Illusion of Industrial Hollowing Out).

Japan: Article on Japan's MSDF, Warship Designs

OW0306130996 Tokyo SEKAI NO KANSEN in Japanese Jun 96 pp 86-89

[Article by Kazutomi Nakayama]

[FBIS Translated Text] The constantly progressing advanced technology of these times produces new innovations with amazing speed. In military affairs, this is shown by a rapid succession of high-performance weapons systems based on that technology. The field of warships is no exception. Bursts of trendy new words like Aegis, Stealth, and VLS keep showing up in magazines. Warships of new designs that realize those functions are conspicuous in the navies of the world.

Since its establishment, the Maritime Self-Defense Force [MSDF] has managed to overcome various technical problems, designing and building warships that reflected, more or less, the technical innovations of their time. It has thus grown today to the point of having high-quality, high-tech warships on balance with the navies of the world.

The purpose of this paper is to look back at the past, as well as recent years and the near future, examining the design trends of MSDF surface warships. However, the author is not a maritime defense professional or an expert on ship technology, but only a warship fan of the lowest order. He asks the reader's understanding if that purpose is not achieved or too many blunders are included.

From Founding Through 4th Defense Buildup Plan

The warships that appeared from the time the first post-war domestic warship construction was begun in FY1953 until the 1st Defense Buildup Plan (FY1958-1960) had weapons that were almost entirely WWII models obtained from the United States on a lend-lease basis and designed with reference to the warships of the Imperial Navy. They were no more than the dregs of the previous war. They were, for example, furnished with depth charge catapults or rails. Most were escorts, submarine chasers, and mine sweepers in which the atmosphere of the Imperial Navy was still obvious.

The unique designs that appeared in the midst of this were the DD's [destroyers] Ayanami and the earlier Murasame, and the Akizuki class escorts. These ships were of the long forecastle type with an extra deck, and continuous deck aft at an angle of 10 percent, commonly called the Dutch Slope. That resulted in convenience of deck work, increased interior space, and improved wave action and recovery. It was considered an excellent design.

There were few other warships in the world with such a pronounced deck slope; for a time this feature was characteristic of MSDF ships. The Dutch Slope has been revived recently; there is a pronounced slope on the deck of the training ship Kashima and a gentle slope aft on the Kondo class DDG [guided missile destroyer] and the Murasame class DD.

The DE [destroyer escort] Isuzu, an FY1959 design, was first to adopt a wave-breaking deck with the long forecastle extended further back toward the stern; that was perfected in the DDG Amatsukaze. That form has become basic to escort design today.

Under the 2nd Defense Buildup Plan (FY1962-1966), the MSDF received first-line U.S. Navy equipment like the 127 mm gun (Mk42), ASROC [antisubmarine rocket] missiles, Dash helicopters, and high-performance sonar. The Takatsuki, Yamagumo, and Minegumo class DD's were built with designs changed to accommodate that equipment. Since these ships used a large bow sonar, the prow projected at a sharp angle, and the anchors were also of the bow type. This became the standard style of subsequent ships with bow sonar.

The Takatsuki class was Japan's first to adopt the MAKKU [as published] style. Its use of steam turbines was continued by the Haruna and Shirane class DDH's [helicopter destroyers] and the Tachikaze class DDG. Some ships of the 2nd Defense Buildup Plan had a knuckleline bow instead of flared, but recently they have returned to the flare. The 2nd Defense Buildup Plan also had a characteristic bridge structure. There have been small changes since, but it is still used in the design of destroyer escorts today.

The advent of the 3rd (FY1967-1971) and 4th (FY1972-1976) Defense Buildup Plans marked the appearance of MSDF ships that carried helicopters or had the capability for vertical replenishment helicopters to land and take off, or which had helicopter facilities like hangars and take off/landing decks. Typical of these were the Haruna and Shirane class DDH's, which could carry three large helicopters. In the 4th Defense Buildup Plan, the trend of general-purpose DD's carrying helicopters continued with the Hatsuyuki, Asagiri, and Murasame classes.

Ships other than escorts were put into service with helicopter decks in this period, including the minesweeper

Hayase, the minelayer Soya, the supply ship Sagami, the training support ship Azuma, the icebreaker Fuji, and so on.

These ships were characterized by a helicopter take off and landing deck in the aft portion. Ships like the escorts and icebreaker that carried helicopters had the on-deck type design with a hangar placed on the first deck or above. For that reason, Japanese ships that carried helicopters all had a high silhouette aft. On some ships the hangar was higher than the bridge, which gave the almost unsightly appearance of being loaded down with a heavy burden.

In connection with the need for space for helicopter storage, work space and accommodations for the flight crew, shapes that carried helicopters often had a complex style, with the stacks moved from the center line, or the hangar not being balanced port and starboard. Although it was not externally apparent, ships which carried helicopters or which had helicopter decks also had fan stabilizers, anti-rolling tanks or other devices to suppress rolling somewhat while the helicopters were taking off or landing.

The training support ship Azuma was a singular presence among the ships with helicopter decks. The real purpose of the helicopter deck of the Azuma was launching high-speed target drones. Since other countries normally launched drones from land, so this ship and the Kurobe, another special-purpose ship with a device (deck) for launching drones at sea, can be called a unique type of ship possessed only by Japan.

Tachikaze class DDG's and Shirane class DDH's were built during the 4th Defense Buildup Plan. As is well known, these two types were the first of the highly computerized system ships.

In the post-4th Defense Buildup Plan period that started in 1977, the MSDF put its effort into enhancing antisubmarine capabilities and upgrading anti-ship and anti-air capabilities; it suddenly entered, and then systematized, a program of serious equipping with missiles, and gas turbines became the mainstream in the engine room. This trend was reflected in Hatsuyuki class DD's and Ishikari class DE's, as well as Asagiri class DD's, Yubari class DE's, Hatakaze class DDG's and other escorts equipped with up-to-date capabilities.

Depending on their missions, the various types of ships had, in addition to the older ASROC's, such weapons systems as Pershing SSM's, standard SAM's, Sea Sparrow short-range SAM's, and 20mm CIWS. The ships had the large exhaust vents (stacks) and air intakes that characterized gas turbines; another common characteristic was a lattice mast with a forest of electronic warfare and communications equipment, including radome-type MFCS, radar and ECM/ESM equipment, and satellite communications antennas.

We have taken a quick look at the trend of design in surface ships, especially escort ships, from the 1st through the post-4th Defense Buildup Plans, but many other noteworthy types of ships have been in service. In particular, many special-purpose auxiliary ships have unusual designs. Submarine tenders, minesweepers, marine survey ships and research ships have unique styles with special gear suited to their particular missions and applications, but allow me to omit the details.

Silhouettes of the New Era

At the end of the 1980's MSDF ships appeared with the advanced technology of a new era, including stealth technology and the Aegis system mentioned above; their style was markedly different from that of the past. At the same time, the enhancement of weapons and the enlargement of the CIC [combat information center] by systematization (and by distribution within the ship as a measure to improve survivability), increased living space (two-deck bunks and establishment of lounge areas) increased the space within ships. The hulls of escorts and other warships tended to get larger, and beams increased to the point that they gave the impression of fatness.

The DDG Kongo and DD Murasame classes emphasized the stealth function, and the bridges and other superstructure features were tapered in shape. The sides of the DE Abukuma, the first of the stealth ships, were inclined about 7 degrees. The stealth function was even more advanced on the Murasame; the bridge, stacks, helicopter hangar, and other superstructure features were all angular, with no roundness at all. If you were to take a cross section of the Kongo or Murasame, it would have the lozenge shape of an abacus bead cross section, a characteristic of stealth ships. Ships with this sort of design will continue to increase.

Another characteristic of these two types of ship is the adoption of vertical launch systems (VLS) for missiles. Accordingly, the launchers for SAM's and short-range SAM's seen on older ships, as well as the prominent, boxy-looking ASROC launchers, were no longer evident, and silhouettes gave a simpler impression.

The Kongo class is notable for having the SPY1 phased array radar, which is the jewel of the Aegis system, attached to four faces of the bridge, and the experimental ship Asuka has, on four faces of a structure atop the bridge, a phased array radar for the domestically produced Type 3 Fire Control Equipment with the capability of simultaneous tracking of multiple targets. The Type 3 is under development as a new air defense system for the next generation of escort ships. This system is expected to become mainstream equipment on the warships of the future.

A new, 8,900 ton transport is scheduled to be launched in December 1996. It has an island-style superstructure and a full length flight deck like an aircraft carrier, and is noteworthy as the MSDF's first ship with such a silhouette. The ship is an LST, but has a high freeboard and a welldeck open at the stern to launch and take up hovercraft transport craft (LCAC); at first glance it reminds one of a U.S. Navy assault landing ship. It has no assault capability at all, however; its emphasis is on increased navigability and transport capability.

Speaking of first designs, the acoustic survey ship Hibiki is a SWATH [small waterplane area twin hull] ship completed in 1991, and the first boat to launch finned missiles underwater was completed in 1993. A 510 ton minesweeper designed in 1995 has side-by-side stacks, which is rare for the MSDF. The work on minesweepers is done at the stern, so it is important to maintain sight lines there, and since diesel engines have relatively little horsepower, a large stack would inhibit speed by presenting a greater surface for wind resistance. The stack arrangement was chosen for those reasons.

Just what design concepts will be used for future MSDF ships?

Ships, particularly escort ships, will probably have improved stealth characteristics with respect to electromagnetic and infrared sensors. RSC (radar cross-section) will continue to decrease in the case of escorts, but the specific style of this ships is an unknown quantity. One view is that hulls and superstructures will have increasingly complex angles, and that overall height will be suppressed to achieve a low silhouette. Masts will apparently change from the present lattice style to a triple or single mast. That is, ships would have a clearly defined shape resembling France's LaFayette class, Israel's Eilat class or Sweden's Smyge class.

DDH's will reach the end of their design life at the beginning of the 21st century, so the outlook for a post-DDH successor is another matter of interest. Will it be a DLH [helicopter frigate], rumored to be an enlarged version of the present shape, or a light aircraft carrier that can also handle V/STOL aircraft, or...? Apparently the Maritime Staff Office is considering both plans. The issue will be decided on the basis of Japan's defense policy for the 21st century as found in the new National Defense Program Outline [NDPO], and that of the MSDF's operational concepts regarding what to do about maritime air defense capability. In either case, only rough ideas are available at present; it will take a little longer before a concrete construction plan will be put together or blueprints can be drawn.

Moreover, it is conceivable that the MSDF will adopt a SWATH boat or an SES [surface effect ship] ship like the Technology Research and Development Institute's "Meguro 2" research ship. The SES type is a high-speed ship suited to coastal defense as a missile or patrol craft.

Passenger ships and sight-seeing ships are designed with some degree of aesthetic appeal. That misses the point of a warship, which is built as a fighting unit, although it may be a consideration in some countries. I have heard there is absolutely no margin for aesthetic considerations in MSDF ships. It is said they are designed strictly for function, suited to the mission and application.

Because MSDF ships are built under that design philosophy, there may be some that are smart and beautiful, but there are also those that are dull and ugly.

It is not my intention to discuss the aesthetic appeal of MSDF ships. I simply wish to express the hope that the MSDF ships we put to sea in the future will be designed with bold, unique innovations, whether they are of the SWATH or SES type, or have stealth technology not seen elsewhere.

Japan: Chip Developed for Real-Time Sound, Image Transmission

OW0506063196 Tokyo KYODO in English 0513 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Multimedia Venture Company Dome Co. has developed a new semiconductor which will allow real-time transmission of sounds and images, jointly with integrated chip maker Rohm Co. and Tohoku University, a Dome official said Wednesday [5 June].

"For the first time, people will be able to enjoy concerts and baseball games in real time around the world through the Internet," the official said.

The chip compresses sound and images at a high speed, turning them into digital codes and allowing them to be sent through analog lines.

The compression rate is around one-100th, more efficient than the roughly one-40th rate currently possible under the MPEG (Moving Picture Image Coding Experts Group) method, the official said.

At present, analog lines cannot be used for sending such data because of their low data capacity, but with the new technology, the size of the compressed data can be adapted to the capacity of the lines.

Unlike under the current decoding system, special equipment will not be necessary to play back the encoded image, the official said, noting that replay and transmission occur simultaneously.

The Dome official said the new chip will let people send moving images to each other in real time through the Internet, personal computers and telephones, he said.

The company is hoping to market the chip for industrial and private use by spring next year, he said.

Japan: NEC To Reduce Output of 16-Megabit DRAM Chips

OW0606030696 Tokyo KYODO in English 0204 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — NEC Corp. is planning to reduce production of its mainstay 16-megabit dynamic random access memory (DRAM) chips due to a glut in the market, a company official said Thursday [6 June].

"We will halt production at four of our factories for five days during August in the form of a summer holiday," the official said.

Output at its factory in California and at its three domestic factories will be cut down from 11 million chips a month to nine million chips a month during August, he said.

"The supply-demand situation is not very good. We hope the situation will improve," the official said.

The factories will resume production at the rate of 11 million memory chips a month after August, he said.

The official noted that with an excess supply of about 15 percent in the 16-megabit DRAM market, prices have now dropped from about 45 dollars at the start of the year to below 20 dollars.

The official also said nec has revised its earlier plan to boost production to 18 million memory chips a month toward the year-end. NEC will now aim to gradually increase output to 16 million chips a month, he said.

In a related move, the company will further cut output of 4-megabit DRAMs, the official said. Domestic production of two million memory chips a month will be stopped to end shipments from September, he said.

North Korea

DPRK: Exercise by U.S. 2d Division 'Aggression Forces' Denounced

SK0606034696 Pyongyang KCNA in English 0326 GMT 6 Jun 96

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — The Second Division of the U.S. imperialist aggression forces stationed in South Korea staged an anti-aircraft missile firing exercise at a firing range on the West Coast on June 4, according to a radio report from Seoul.

The U.S. forces whipped up an atmosphere of war, firing the anti-aircraft missiles which have been opened to the public first in South Korea.

The U.S. imperialist aggressors are continuously introducing new types of weapons to reinforce Armed Forces and promote war preparations, thus rendering the situation on the Korean Peninsula more strained.

DPRK: Kim Chong-il Receives Gift From Jimmy, Rosalynn Carter

SK0606030396 Pyongyang KCNA in English 0256 GMT 6 Jun 96

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — The Great Leader Comrade Kim Chong-il received a gift from former U.S. president Jimmy Carter and his wife.

The head of the visiting delegation of the Carter Presidential Centre of the United States conveyed the gift and Jimmy Carter's handwriting "Best wishes, Rosalynn Carter and Jimmy Carter" to an official concerned.

A member of the delegation told the Korean official that "The day before the delegation left the U.S., former president Carter asked me to convey his friendly regards and humble gift to Mr. Kim Chong-il, the leader of the Korean people."

"Carter told me his gift carries his best wishes for good health and long life as well as great success to Mr. Kim Chong-il in his great work of leading the Korean people," the member of the delegation added.

DPRK: ROK Continues To Commit 'Grave Provocations' Near MDL

SK0606035596 Pyongyang KCNA in English 0330 GMT 6 Jun 96

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — The South Korean puppets continue committing grave provocations near the Military Demarcation Line (MDL), according to military sources.

Deployed near the MDL from June 1 to 4 were more than 5,000 armed soldiers and more than 700 military vehicles of the South Korean puppet army.

On June 4, the puppet army levelled people's army soldiers with machine guns and automatic rifles, seriously threatening their life near the MDL in the central sector of the front.

Armed soldiers of the puppet army, aboard some 10 military vehicles, turned up near the MDL in the western and central sectors of the front and took firing postures with machine guns and automatic weapons on June 2.

Officers of the puppet army discussed operations against the North near the MDL in the western sector of the front on June 1.

The alarming military movements continuously committed by the puppets near the MDL show that establishment of an institutional mechanism to prevent war on the Korean Peninsula is urgently needed.

DPRK: KCNA Reports ROK Workers Union To Wage Labor 'Dispute'

SK0606080496 Pyongyang KCNA in English 0327 GMT 6 Jun 96

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — More than 40,000 members of 15 trade unions under the Council of Representatives of Public Workers Unions of South Korea (Kongnodae) held a general meeting in Seoul on June 2, according to a report.

They vowed to wage a labour dispute with six-point demands including the abolition of the "guideline of wages", which the puppet clique brought forward to block wage hike, and the reinstatement of the dismissed.

"Kongnodae" declared that it would wage a powerful struggle including solidarity strikes to have their demand met.

DPRK: NODONG SINMUN Supports Struggle by Workers in ROK

SK0506050996 Pyongyang KCNA in English 0337 GMT 5 Jun 96

["S. Korean Workers' Struggle Supported" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — NODONG SINMUN today runs a signed commentary supporting the struggle of the South Korean workers for right to existence and democracy.

The commentary calls attention to the fact that on the 2d of June more than 40,000 members of 15 trade unions under the Council of Representatives of Trade Unions of Public Workers, including South Korean telecommunication and metro labour unions, and labour movement organisations, held a general meeting at Poramae Park in Seoul and vowed to launch into a solidarity strike and that the South Korean workers' struggle for democracy and right to existence is gaining momentum recently.

It goes on to say:

As they are waging a powerful struggle to lodge a protest against the suppression and exploitation and to win right to existence and democracy, it is quite natural and reasonable.

It stems from the political non-rights, inhuman hard labour, maltreatment, humiliation and miserable living conditions imposed upon them.

The living conditions of the South Korean workers have reached the worst phase since the traitorous Kim Yong-sam clique came into office.

The South Korean workers more keenly gain, through their experiences, a valuable lesson that only struggle is their way out.

The intensified suppression by the Kim Yong-sam group is as good as adding fuel to the fire, only to invite stronger protests of workers and to precipitate their ruin, in the long run.

The South Korean workers will continue their struggle till their just demands for democracy and right to existence are met.

DPRK: Hanchongnyon Statement Denounces 'Suppression' by ROK

SK0506115496 Pyongyang KCNA in English 1008 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — The Working Youth Solidarity of South Korea (Hanchongnyon) made public a statement denouncing the Kim Yong-sam fascist clique's suppression of members of "Hanchongnyon", according to a South Korean newspaper report.

The statement called for setting free cadres of "Hanchongnyon" who were walked away and for immediately abolishing evil labour law and the "National Security Law" which hinders the freedom of political idea.

It also called for keeping the propaganda and protest struggle to put a stop to suppression of the people's movement by the Kim Yong-sam "government" which seeks "reform" outwardly and cracks down on workers.

DPRK: KCNA Reports Protest in Italy Against ROK Security Law

SK0506112196 Pyongyang KCNA in English 1006 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — A protest demonstration took place in front of the South Korean puppet embassy in Rome on May 25, demanding the abolition of the "National Security Law" in response to the appeal of the Italian Committee for the Reunification and Peace of Korea.

Participating in it were Roberto Gabriele, general secretary of the Central Committee of the Movement for Peace and Socialism of Italy, Senator Liugi Marino from the Communist Re-Establishment Party of Italy, Falco Acame, chairman of the Nino Pasti International Fund for Peace and Solidarity among people in Italy and former chairman of the National Defence Committee of the Chamber of Deputies, Paolo Pioppi, secretary general of the Italian Committee for the Reunification and Peace of Korea, and other officials of political parties and organisations and parliamentarians.

Demonstrators shouted slogans, carrying placards reading "abolish 'NSL'", "release patriotic reunification champions" and "ensure social democratisation".

They met with an official of the puppet embassy and handed to him a letter of protest addressed to the ambassador, calling for the abolition of the "NSL".

The letter of protest said that the "NSL" is the basic obstacle to the peace, reconciliation and reunification on the Korean peninsula and has been used as a means of suppressing those who struggle for social democratisation and reunification and of maintaining the "government".

DPRK: Kim Chong-il Receives Gift From Yemeni President

SK0306104996 Pyongyang KCNA in English 0954 GMT 3 Jun 96

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — The great leader Comrade Kim Chong-il received a gift from 'Ali 'Abdallah Salih, president of the Republic of Yemen.

The gift was handed to an official concerned by Abdu 'Ali Abd-al-Rahman, vice-minister of foreign affairs, who is leading the visiting delegation of the Yemen Foreign Ministry.

DPRK: Korean-American Son Won-tae Visits Kim Il-song Statue

SK0506043096 Pyongyang KCNA in English 0238 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — A U.S.-resident Korean Son Won-tae and his party called at the statue of the great leader President Kim Il-song on Mansu Hill on June 4 to pay respects to him.

Present there was Choe Sang-sun, deputy director of the Party History Institute of the Central Committee of the Workers' Party of Korea.

The participants laid bouquets and made a bow before the statue.

DPRK: Kyoto Friendship Delegation Visits Kim Il-song Statue

SK0506043196 Pyongyang KCNA in English 0239 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — A Kyoto Japan-DPRK friendship and cultural exchange delegation led by Noboru Ueda, director of the secretariat of the executive committee of the Kyoto Japan-DPRK friendship and cultural exchange festival, visited the statue of the great leader President Kim Il-song on Mansu Hill on June 4 to express reverence for him.

The guests laid flowers and made a bow before the statue.

The delegation arrived here on Tuesday [4 June] by air.

DPRK: Lao, Botswana Officials Visit Kim Il-song's Statue

SK0606075296 Pyongyang KCNA in English 0321 GMT 6 Jun 96

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — Lao ambassador E.P. [extraordinary plenipotentiary] to Korea Ponmek Dalaloi on June 5 visited the statue of the great leader President Kim Il-song on Mansu Hill to pay his respects to him.

The guest laid a bouquet and made a bow before the statue.

Earlier to it, Botswanan ambassador E.P. to Korea Edwin Tjakabaka Matenge visited the statue of the great leader, laid a bouquet and made a bow before it.

DPRK: Radio on Kim Chong-il Inspection of East Coast KPA Unit

SK0406235596 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 4 Jun 96

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], has inspected military units of the KPA that are defending the areas along the east coast.

Comrade Kim Chong-il, the great leader [yongdoja] of our party and people and chairman of the DPRK National Defense Commission who is also supreme commander of the KPA, has inspected KPA military units defending the areas along the east coast.

Displayed in the military units — which were overflowing with the revolutionary spirit of one-is-a-match-for-100 — were militant slogans reflecting resolutions of loyalty of the People's Army soldiers, including "Long live Comrade Kim Chong-il, the respected and beloved supreme commander!" "Let us fight by dedicating our lives to the respected and beloved supreme commander Comrade Kim Chong-il!" and "Let us defend with our lives the nerve center [sunoebu] of the revolution headed by [subanuro hanun] the Great Comrade Kim Chong-il!"

With deep emotion and great joy for greeting the respected and beloved comrade supreme commander in their units, the hearts of soldiers in military units were vigorously seething.

Comrade Kim Chong-il arrived in the military unit at 1830 [0930 GMT] in the afternoon. At that moment, thunderous cheers of hurrah burst forth from outposts on the hill and such slogans as "Let us defend with our lives the nerve center of the revolution!" and "Death-defying defense!" vigorously resounded.

Commanders of the military units greeted Comrade Kim Chong-il on the spot.

After hearing the report as he was received, Comrade Kim Chong-il went up to the forward command post located at the top of the hill.

As he looked down at the beautiful cities and villages, bountiful foliage, and fertile cooperative farm lands that were boundlessly unfolded as if reflecting the prosperous fatherland, Comrade Kim Chong-il pointed out that we should firmly safeguard the precious socialist gains that our people obtained and defended with blood, by making the enemy dare not touch even an inch of land of the fatherland [hanchiui choguk ttangdo kamhi kondurilsu opke hamuroso].

Looking down at the military units' broad defense areas, Comrade Kim Chong-il showed a concrete understanding of terrain features and the force deployment status.

Hearing the situation briefing from the unit commander, Comrade Kim Chong-il expressed great satisfaction with the fact that commanders of the military units built impregnable defense positions along the east coast by displaying high operational capability as well as endless loyalty to the party and revolution.

Seeing the military facilities, which were firmly built in the military units by thoroughly embodying our party's chuche-based tactics, Comrade Kim Chong-il highly appraised the military units' achievements in having turned all operational areas of the units into an impregnable fortress so as to smash any provocation by the strong enemy with one stroke.

Comrade Kim Chong-il stressed that all of our soldiers should firmly prepare themselves politically, ideologically, militarily, and technically by upholding the slogan of one-is-a-match-for-100. Comrade Kim Chong-il put forward programmatic tasks that will be a guideline in further strengthening and developing the KPA into an ever-victorious, indomitable, strong army.

Comrade Kim Chong-il posed for a picture taken together with soldiers of the military units.

All soldiers of the military units were unable to repress their sense of appreciation to the respected and beloved comrade supreme commander, who visited distant outposts along the east coast, brilliantly showed the road along which the units should advance, and extended boundless love and trust to them. They were filled with resolute determination to defend the fatherland as an impregnable stronghold by thoroughly carrying to accomplishment the military tasks given by the great general.

DPRK: Kim Chong-il Inspects KPA Unit on East Coast

SK0506000296 Pyongyang KCNA in English 2102 GMT 4 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — Comrade Kim Chong-il, supreme commander of the Korean People's Army, inspected a KPA unit which defends the east coast.

He looked at the vast area the unit should defend and learned about the geographical conditions and the deployment of forces. He noted with deep satisfaction that the commanding officers of the unit have built an impregnable defence line along the east coast.

He said all the soldiers should fully prepare themselves politically and ideologically and in military technique under the slogan "a match for a hundred." [slogan as received] He then specified important tasks which would serve as a guideline in further strengthening the KPA into an invincible army.

DPRK: Kim Chong-il Visit to KPA Unit on East Coast Detailed

SK0506000596 Pyongyang KCNA in English 2107 GMT 4 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — The Great Leader Comrade Kim Chong-il, chairman of the DPRK National Defence Commission and supreme commander of the Korean People's Army, inspected a KPA unit which defends the east coast.

Seen in the unit full of the revolutionary spirit of "a match for a hundred" were "Long live the respected Supreme Commander Comrade Kim Chong-il!" "Let us devotedly fight for the respected Supreme Commander Comrade Kim Chong-il!" "Let us devotedly defend the headquarters of the revolution headed by the Great Comrade Kim Chong-il!" and other militant slogans that represent the KPA soldiers' loyal resolution.

He was greeted by the unit's commanding officers.

He climbed up to the foreward command post on the summit of the mountain.

He looked round the beautiful city and villages, factories and fertile cooperative fields, a miniature of the prospering nation. He then said the enemies should not be allowed to intrude into an inch of the territory and that the precious gains of socialism the Korean people achieved and defended at the cost of blood should be safeguarded with credit.

He looked at the vast area the unit should defend and learned about the geographical conditions and the deployment of forces.

He heard a report from the unit's commander about the situation. He noted with deep satisfaction that the commanding officers of the unit have built an impregnable defence line along the east coast with intense loyalty to the party and the revolution and a high degree of operability.

He inspected military facilities the unit had built as demanded by the chuche war tactics of the Workers' Party of Korea. He highly praised the unit for having turned all the operation areas into an impregnable fortress capable of defeating any formidable enemy at one stroke.

He said all the soldiers should fully prepare themselves politically and ideologically and in military technique under the slogan "a match for a hundred." He then specified important tasks which would serve as a guideline in further strengthening the KPA into an invincible army.

He had a souvenir picture taken with soldiers of the unit.

DPRK: Cho Myong-nok Marks Navy Day

SK0506040096 Pyongyang KCNA in English 0333 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — Meetings were held at units of the navy of the Korean People's Army on June 4 to commemorate its 50th anniversary.

The Great Leader President Kim Il-song with deep insight into the actual conditions of Korea right after its liberation from the Japanese imperialist colonial rule and urgent demands of building of regular revolutionary Armed Forces personally organised an acquatic defence corps, the precedessor of the KPA Navy, on June 5, 1946, under the difficult, complex situation.

Present there were KPA Vice Marshal Cho Myong-nok, director of the General Political Department of the KPA, and commanding officers and soldiers of the navy units.

A congratulatory message of the Central Military Commission of the Workers' Party of Korea to the officers and men of the KPA Navy was read out at the meetings.

The message says that the WPK Central Military Commission highly appreciates the undying feats all officers and men of the KPA Navy performed in the past period for the country and people by giving full play to the unbounded devoted service and mass heroism and creditably carrying out their noble tasks of defending the seas, the gateway to the homeland, true to the guidance of the party and the leader.

The WPK Central Military Commission, it notes, expresses the firm belief that all the officers and men of the navy will discharge their noble mission and duty in a singlehearted unity around the party under the uplifted red flag of the revolution and live up to the deep trust and expectation of the party.

A meeting was held at Kim Il-chol unit of the KPA Navy on the occasion.

The order of Kim Il-song was awarded to the unit at the meeting.

The unit, true to the guidance of the respected Supreme Commander Comrade Kim Chong-il, has grown to be revolutionary ranks unfailingly loyal to the party and the leader as well as a powerful combat unit equipped with modern arms and combat equipment and made a great contribution to the defence of the seas of the country.

Letters of pledge to Comrade Kim Chong-il were adopted at the meetings.

DPRK: Choe Kwang at Ceremony on Donation of Tanks, Guns to Army

SK0506042996 Pyongyang KCNA in English
0242 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — A ceremony for donating "Sonyon" (child) tanks and guns to the Korean People's Army [KPA] was held in Chonsung Square, Pyongyang, on Tuesday [4 June] to mark the 50th founding anniversary of the Korean Children's Union (KCU).

Choe Yong-hae, first secretary of the Central Committee of the Kim Il-song socialist youth league, delivered a report, which was followed by speeches.

They said that the presentation of tanks and guns to the People's Army on the significant birth anniversary of the KCU was a vivid expression of intense loyalty and patriotism of the KCU members to remain faithful to the great general Kim Chong-il and make an active contribution to strengthening the country's defence capabilities.

At the ceremony a letter of presentation was handed to KPA Marshal Choe Kwang, Politburo member of the Central Committee of the Workers' Party of Korea and minister of the People's Armed Forces.

The tanks and guns left amid a good send-off of the participants at the end of the ceremony.

DPRK: Memorial Service Commemorates Death of Kim Il-song's Father

SK0506104396 Pyongyang KCNA in English
1027 GMT 5 Jun 96

["Kim Hyong-chik's 70th Death Anniversary Observed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — A memorial service was held at the People's Palace of Culture on June 5 to commemorate the 70th death anniversary of Kim Hyong-chik, who was an indomitable revolutionary fighter and an outstanding leader of the anti-Japanese national-liberation movement in Korea.

The father of the great leader President Kim Il-song, Kim Hyong-chik, (July 10, 1894-June 5, 1926) was an outstanding leader who paved a new path of the anti-Japanese national-liberation movement under the banner of national independence for the first time in the modern history of Korea and a great forerunner who led change of direction to the communist movement from the nationalist movement.

Attending the memorial service were Vice-Presidents Yi Chong-ok and Pak Song-chol who are Politburo members of the Central Committee of the Workers' Party of Korea [WPK], Vice-President Kim Pyong-sik who is chairman of the Central Committee of the Korean Social Democratic Party and senior party and state officials.

Those present at the service observed a moment's silence in memory of Kim Hyong-chik.

Hong Song-nam, alternate Politburo member of the WPK Central Committee and vice-premier of the Administration Council, made a memorial address.

He elaborated on the shining revolutionary life of Kim Hyong-chik and precious feats in his struggle.

He said that Kim Hyong-chik was born in a patriotic, poor peasant's family in Mangyongdae, Nam-ri, Kophyong-myon, Taedong County, South Pyongan Province, on July 10, 1894 and set out on the road of revolutionary struggle in his early years with the noble idea of "aim high".

He formed the Korean National Association, a powerful underground anti-Japanese revolutionary organisation involving people from all walks of life, including workers and peasants, on March 23, 1917 and led the organisation, the speaker said, and went on:

He put forward the lines of changing the direction of the anti- Japanese national-liberation movement of Korea to the communist movement from the nationalist movement and of conducting revolutionary armed activities and energetically organised and led the struggle for their materialisation.

The course of his revolutionary activities is replete with his noble efforts that trained his family members to be ardent patriots and great revolutionaries who devotedly fought for the country and the people, with a lofty intention to see that the Korean revolution continues generation after generation.

The Mangyongdae family shines as a great revolutionary family who stood at the van of the revolution as distinguished revolutionaries generation after generation thanks to Kim Hyong-chik's revolutionary education and the examples of his devoted struggle.

It is because of the great revolutionary family that the Korean people have enjoyed the greatest happiness as a people who are blessed with illustrious leaders generation after generation.

The revolutionary cause of Korea which is associated with the noble intention of Kim Hyong-chik and which was pioneered by the great leader Comrade Kim Il-song, makes a long drive at the high level of modelling the whole society on the chuche idea under the outstanding and experienced guidance of the great leader Comrade Kim Chong-il, and a brighter future is in store for our country and people.

The memorial address said that the brilliant revolutionary activities of Kim Hyong-chik and priceless feats in his struggle shine long in the history of the Korean people's anti-Japanese revolutionary struggle and will be everlasting in the history of Korea.

It called for carrying forward Kim Hyong-chik's noble idea "aim high" and stubbornly continuing the protracted revolutionary struggle generation after generation.

It also called upon all the working people to remain unfailingly loyal to the idea and guidance of Comrade Kim Chong-il, our destiny and top brain, rally closer around him, strengthen the singlehearted unity of revolutionary ranks in every way and accelerate the revolution and construction.

DPRK: Officials Lay Wreaths Before Tomb of Kim Hyong-chik

SK0506110196 Pyongyang KCNA in English
1053 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — Yi Chong-ok, Pak Song-chol, Kim Pyong-sik and other senior party and state officials, working people and soldiers of the Korean People's Army laid wreaths before the tomb of Kim Hyong-chik, an indomitable revolutionary fighter and an outstanding leader of the anti-Japanese national-liberation movement in Korea, and mother Kang Pan- sok and before Kim Hyong-chik's statue in Ponghwa-ri, Kangdon County, Pyongyang, on the occasion of his 70th death anniversary on the morning of June 5.

Wreaths sent by the great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army, were placed before the tomb and the statue.

Amid the playing of the wreath-laying music wreaths were laid in the name of the Central Committee of the Workers' Party of Korea, the Central People's Committee of the DPRK, the Administration Council, the Ministry of Public Security, commissions and ministries of the Administration Council, central organs, units of the Korean People's Army and various organs in the city.

Participants observed a moment's silence in memory of Kim Hyong-chik who performed the immortal revolutionary exploits.

Wreaths were also laid before his statue in Sakju County, North Pyongan Province, by officials of party and power bodies, administrative and economic organs, working people's organizations, institutes, enterprises and cooperative farms, and other working people in the province.

DPRK Leaders Attend Memorial Service for Kim Il-song's Father

SK0606063496 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 5 Jun 96

[FBIS Translated Excerpt] A Pyongyang municipal memorial service was held at the People's Palace of Culture marking the 70th anniversary of the death of Mr. Kim Hyong-chik, an invincible revolutionary fighter and an outstanding leader of our country's anti-Japanese movement for national liberation. [passage omitted]

Present at the memorial service were Comrades Yi Chong-ok and Pak Song-chol, members of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and vice presidents; Vice President Kim Pyong-sik, chairman of the Korea Social Democratic Party Central Committee; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee and minister of the People's Armed Forces; Comrade Kye Ung-tae, member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Hong Song-nam, candidate member of the Political Bureau of the WPK Central Committee and vice premier; Comrades Paek Hak-nim and Kim Ik-hyon, vice marshals of the Korean People's Army [KPA]; Comrade Kim Chung-nin, secretary of the WPK Central Committee; Comrade Chang Chol, vice premier; Comrade Yun Ki-pok, chairman of the Central People's Committee [CPC] Economic Policy Commission; Comrade Chon Mun-sop, chairman of the CPC State Inspection Commission; Mrs. Yu Mi-yong, chairwoman of the Chondoist Chongu Party Central Committee; anti-Japanese revolutionary fighters; responsible functionaries of party and power organs as well as working organizations; heroes and labor innovators; and functionaries of sectors concerned. [passage omitted]

DPRK National Meeting Held To Mark KCU 50th Founding Anniversary

SK0506115396 Pyongyang KCNA in English 1018 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — A national meeting was held at the 6,000-seat theatre of the April 25 House of Culture on June 5 to commemorate the 50th foundation anniversary of the Korean Children's Union, a political organisation of children.

The great leader President Kim Il-song formed the Saenal Children's Union [KCU], the first communist organisation of children in Korea, on December 15, 1926 and thus ushered in the rise of the movement of Korean children. He declared the foundation of the KCU on June 6, 1946, and indicated the future road of the children's movement at every stage and in each period of the developing revolution.

The great leader Comrade Kim Chong-il regarded the work of the children's union as an important work for bringing up the future of revolution from long ago, defined the movement to follow the examples set by the respected leader President Kim Il-song in his youthhood and childhood as the basis of the work of the children's union and wisely led the KCU to build itself into ranks of loyal subjects, the successors to the revolutionary cause of chuche.

Attending the meeting together with the children's union members in Pyongyang were Vice-President Yi Chong-ok and Minister of the People's Armed Forces Choe Kwang who are Politburo members of the Central Committee of the Workers' Party of Korea, other senior party and state officials, anti-Japanese revolutionary fighters, war veterans, labour innovators, officials of central and local youth league and children's union organisations and delegates to the celebrations of the 50th foundation anniversary of the KCU.

Also present there was a congratulatory group of the Korean Children's Union in Japan led by Ho Myong-to, vice-chairman of the Central Standing Committee of the League of Korean Youth in Japan.

Choe Yong-hae, first secretary of the Central Committee of the Kim Il-song Socialist Youth League, delivered a report at the meeting.

The reporter said that the foundation of the Korean Children's Union was a brilliant fruition of the chuche-based idea of building an organisation of children put forward by the great leader Generalissimo Kim Il-song and a historic event that marked an epochal occasion in the development of the Korean children's movement and in the life of the children's union members.

The 50 year-long proud history of the KCU, he noted, is a glorious one replete with the wise guidance of the great Generalissimo Kim Il-song and the respected General Kim Chong-il over the chuche-based movement of children and their exploits.

He said that the history of great changes in the country is associated with the great achievement gained by the resourceful and courageous KCU in its struggle.

He went on to say:

The children of Korea made great contributions to driving the Japanese imperialists out of Korea and achieving the restoration of the country. After the liberation of Korea from the Japanese imperialist colonial rule, they fully displayed their resourcefulness and courage in the building of a new democratic Korea and during the fatherland liberation war. They took an active part in the building of Korea into a strong socialist country and demonstrated the pride as young builders.

As you can see today, the Korean Children's Union has been built up organisationally and ideologically and all its members have grown to be reliable successors to the revolution, who are knowledgeable, virtuous and healthy. This is entirely a shining fruition of the superb leadership and benevolent love of the respected Generalissimo Kim Il-song and the respected General Kim Chong-il.

The reporter added that all the KCU members should prepare themselves to be revolutionaries and bodyguards to defend the respected general with loyalty to him as their faith and obligation under the loyal slogan "Let Us Learn From the Great Leader Kim Chong-il!".

A congratulatory speech was made by the head of the congratulatory group of the Korean Children's Union in Japan at the meeting.

DPRK: Recent Opening of 'Schoolchildren's Palaces' Noted

SK0506115796 Pyongyang KCNA in English 1049 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — One more warm solicitude has been shown for the school children on the occasion of the 50th birthday of the Korean Children's Union [KCU].

The Chasong, Chagang Province, schoolchildren's palace, the Sungho district, Pyongyang, schoolchildren's house and the Sinchon, South Hwanghae Province, schoolchildren's house were built along up-to-date line and opened some days ago.

The newly-built palace and houses are associated with the noble intention and warm love of the great leader

Comrade Kim Chong-il to rear the younger generations to be reliable heirs to the Korean revolution and pillars knowledgeable, moral and healthy for the building of communism, and make the school children the happiest generation ever in the world. [sentence as received]

On their significant holiday, the KCU members are emotionally looking back on the love shown by the great leader Generalissimo Kim Il-song for them, ardently yearning for him.

President Kim Il-song called the children the "king of country". He congratulated the delegates to the 5th KCU congress and had a souvenir picture taken with them in the last days of his great life.

With that warm love of the president, Comrade Kim Chong-il is taking warm care of the entire school children across the country and rearing them to be reliable heirs to the revolution.

The Mangyongdae schoolchildren's palace, the Songdowon international children's camp and other centres for extracurricular education have been built wonderfully under his care.

The Mangyongdae schoolchildren's palace is the 9th of its kind in Korea, which was built with a total investment amounting to 100 million dollars.

The palace has over 100 rooms for circle activities, a 2,000-seat theatre, a nature room, an indoor stadium, a swimming pool, etc.

More than 500 teachers including merited teachers, artists and sportsmen are in charge of education for school children.

The palace can accommodate 5,000 students at a time, who take part in various afterschool activities at their will.

Many centres for extracurricular education of school children have been built in scenic places of Korea.

There are "1,000-ri journey for national liberation" and "1,000-ri journey for learning" schoolchildren's palaces in Chagang Province, the Kim Song-chu schoolchildren's palace and the Samjiyon schoolchildren's palace in Yanggang Province, the Chongjin schoolchildren's palace in Chongjin, a city of iron on the northern part of the country, and the February 16 schoolchildren's palace in the new industrial city of Tokchon.

The Pyongyang schoolchildren's palace was built in the centre of the capital city, and the Kaesong schoolchildren's palace in the city along the Demarcation Line for the first time in the country.

At these palaces of extracurricular education, the school children are consolidating what they learned at schools and growing to be able men with ample knowledge, high morality and strong body, under the slogan "Let Us Study For Korea!"

DPRK Leaders Attend Meeting on Children's Union Foundation Day

SK0606082996 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 5 Jun 96

[FBIS Translated Excerpt] On 5 June, a central report meeting was held at the April 25 House of Culture to commemorate the 50th anniversary of the founding of the Korean Children's Union. [passage omitted]

Present at the meeting were Comrade Yi Chong-ok, member of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and vice president; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee and minister of the People's Armed Forces; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Paek Hak-nim, vice marshal of the Korean People's Army; Comrade Kim Chung-nin, secretary of the WPK Central Committee; Comrade Chang Chol, vice premier; other functionaries of sectors concerned; anti-Japanese revolutionary fighters; war veterans; famous scientists, artists, and athletes; and exemplary guiding functionaries and members of the Children's Union. [passage omitted]

DPRK: Yi Chong-ok Attends Children's Union Commendation Ceremony

SK0606093996 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 5 Jun 96

[FBIS Translated Text] On the occasion of the 50th founding anniversary of the Korean Children's Union, state commendations have been awarded to exemplary members and functionaries of the Korean Children's Union. A meeting to award these state commendations was held at the April 25 House of Culture on 5 June.

Present at the meeting were Comrade Yi Chong-ok, member of the Political Bureau of the Workers Party of Korea Central Committee and vice president; Choe Yong-hae, first secretary of the Kim Il-song Socialist Youth League; delegates to celebrations marking the 50th founding anniversary of the Korean Children's Union; and functionaries of sectors concerned.

DPRK: Yi Chong-ok Attends Ceremony for Children's Union Members

SK0606075896 Pyongyang KCNA in English 0324 GMT 6 Jun 96

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — A ceremony for awarding state commendations to exemplary members of the Korean Children's Union [KCU] and officials took place here on June 5 on the occasion of the 50th anniversary of the KCU.

"Kim Il-song children honour prizes" were awarded to 63 members of the KCU who set examples in study, organisational life and good conduct movement, preparing themselves as communist revolutionaries unfailingly loyal to the great leader Generalissimo Kim Il-song and the great leader Marshal Kim Chong-il.

And "Kim Il-song youth honour prizes" were conferred on 29 officials of the youth league who greatly contributed to bringing up KCU members to be communist revolutionaries of chuche type and titles of honor, orders and medals on officials in charge of extracurricular education of youth and children.

Present at the ceremony was Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president of the DPRK.

DPRK: Children's Union Marks 50th Anniversary of Founding

SK0606082096 Pyongyang KCNA in English 0336 GMT 6 Jun 96

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — Today is the 50th founding anniversary of the Korean Children's Union [KCU].

NODONG SINMUN dedicates an editorial to this occasion.

The paper says that it is the great pride and happiness joy of the Workers' Party of Korea and people to have courageous, dependable KCU members who will uphold the party's cause generation after generation under the great leader Comrade Kim Chong-il.

It quotes Comrade Kim Chong-il as saying:

"Youth and children are the future of our country and successors to our revolution. Only when they are firmly trained to be successors to our revolution who are unfailingly loyal to the party and the leader, is it possible to accomplish the revolutionary cause of chuche with credit and achieve the eternal prosperity of the country and nation."

The paper further says:

With the foundation of the KCU all our KCU members have stoutly grown to be dependable younger generation who will be responsible for the future of the country under the guidance of the party and the leader and a bright prospect is in store for the Korean children's movement.

The 50 year-long history of the KCU is a history in which all the new younger generations have grown to be fine successors with steadfast revolutionary outlook on the leader as well as ample knowledge, high morality and strong body and a brilliant example was set in the settlement of the question concerning the youth and children in our era; it is a proud history in which the resourceful, courageous young revolutionaries of Korea gave full display to their stamina on the road of our arduous and grim revolution under the guidance of the great party and the leader.

The Korean children's movement has reached such a high level as it is and our KCU members have grown to be dependable heirs to the revolutionary cause of chuche. This is entirely attributable to the great loving care and wise guidance of the great leader Comrade Kim Il-song and the respected Comrade Kim Chong-il.

The paper calls upon all the KCU members to hold in high esteem the great Generalissimo Kim Il-song as the sun of chuche for all ages and creditably fulfill their duty as the successors to the Korean revolution under the guidance of the respected General Kim Chong-il.

DPRK: Work of Children's Union Developing Under Kim Chong-il

SK0606094196 Pyongyang KCNA in English 0804 GMT 6 Jun 96

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — Today is the 50th anniversary of the Korean Children's Union [KCU].

Founded on June 6, 1946, it is the only revolutionary mass organisation of schoolchildren.

Greeting their significant holiday, the three million KCU members wholeheartedly express deep reverence for the respected leader President Kim Il-song, missing him, who brought them up to be pillars of the country, always paying deep attention to and showing particular loving care for the work of the KCU.

The Korean children's movement which was started by President Kim Il-song has traversed only the road of victory and glory.

The president formed the Saenal Children's Union, the first communist children's revolutionary organisation of Korea, during the anti-Japanese revolutionary struggle, establishing the brilliant tradition of the children's movement. And he put forward the original idea of "three-way alliance" of the party, young communist league and children's corps and firmly united a large segment of children under the banner of the anti-Japanese children's corps. Saying that "always ready!" is the slogan that the revolutionary children's organisation should uphold, he clearly indicated the road to be followed by the children's movement in each period and at each stage of the developing revolution and warmly led it at every step.

Today the work of the KCU is developing more powerfully under the wise leadership of the great Comrade Kim Chong-il, who fully personified the president's idea of the "three-way alliance".

Comrade Kim Chong-il said that it is the basic work of the KCU to bring up the KCU members to be dependable heirs to the revolutionary cause of chuche who remain unfailingly loyal to President Kim Il-song. And he established a new education system of learning from the glorious youthhood and childhood of the president, opened the ways for the "1,000-ri journey for learning" and "1,000-ri journey for national liberation" excursion march and made sure that the campaign for "visiting the president's native home in Mangyongdae" was conducted powerfully.

He set forth the slogan "Let us learn for Korea!" and is leading the KCU members to be well prepared mentally, morally and physically and extensively conduct social and political activities and good things through various collective campaigns.

Recorded in the grim struggle for the building of a new country after the liberation of Korea, the fierce fatherland liberation war, the postwar rehabilitation and construction and socialist construction are many proud feats performed by the KCU members for the country and the nation, the era and the revolution.

Juvenile guerrilla So Kang-yom, hero of the republic Yi Chang-to and many other juvenile heroes unknown and known, "little doctors", "little artistes", "little painters" and other talented children particularly loved by all people are the pride of Korea.

The new generation who have grown in a revolutionary way in the KCU organisations are pushing ahead with the revolution and construction, becoming competent officials of the party, state and economic organs, talented scientists and men of culture and art, heroes who are loved by the people and able military commanding officers.

Boundlessly bright is the prospect of the Korean Children's Union firmly preparing to be the true children's vanguard of the Workers' Party of Korea.

DPRK: NODONG SINMUN Marks World Environment Day

SK0506050596 Pyongyang KCNA in English 0340 GMT 5 Jun 96

["'World Environment Day' Observed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — NODONG SINMUN today comes out with a signed article on the occasion of the "world environment day."

"Our globe, our residence and our house", the theme of the "world environment day" for this year, mirrors the desire of the people to make the basic living conditions more cultured and beautiful by concerted efforts, the paper says, and continues:

The environmental protection is now an important issue that humanity must settle without fail.

The root cause of the worsening environment is never-ceasing aggression, plunder and war moves on the part of the imperialists.

The work for environmental protection is making a great stride forward in Korea under the deep care and solicitude of the party and the state.

The adoption of a superior law on environmental protection, a result of a policy pursued by the Democratic People's Republic of Korea government for the sake of the people, makes it possible to consolidate by law the already gained successes in this sector, to provide the people with better natural environments for their independent and creative life and to hand more beautiful rivers and mountains of the country down to posterity.

The Korean people will, in the future, too, conduct a powerful work for the civilization of humankind and environmental protection and increase the scope of international cooperation in this domain.

DPRK: Yanggang Province Meeting Commemorates Pochonbo Battle

SK0406043496 Pyongyang KCNA in English 0248 GMT 4 Jun 96

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — A meeting of Yanggang Province was held in Pochon County on June 3 to commemorate the 59th anniversary of the victory in the Pochonbo battle organised and commanded by the great leader President Kim Il-song in the period of the anti-Japanese revolutionary struggle.

Pochonbo, located in the border area in the northern tip of Korea, was one of the important strategical and tactical vantage points of the Japanese imperialists during their occupation of Korea.

The Pochonbo battle was a historic event that fully demonstrated to the world the indomitable revolutionary spirit and patriotic stamina of the Korean nation to fight it out in the face of brutal suppression by the foreign aggressors and achieve the independence and liberation of Korea.

The main forces of the Korean people's revolutionary army led by President Kim Il-song advanced into the homeland, destroyed suppressive machines and ruling organs of the enemies and annihilated the heinous Japanese imperialist aggressors in Pochonbo on June 4, 1937. President Kim Il-song made a historic speech "Let us fight on staunchly for the liberation of the fatherland" before the masses there with a view to giving the dawn of the revolution to the Korean people who were groaning in the darkness.

Yi Kil-song, chief secretary of the Yanggang provincial committee of the Workers' Party of Korea and concurrently chairman of the Yanggang provincial people's committee, delivered a commemorative speech.

He said that the flames of Pochonbo still remain in the hearts of the Korean people and will shine forever in the history of the Korean nation.

He added that all the working people, rallied close around the great leader Comrade Kim Chong-il, should further exalt man-centred socialism of Korean style and carry the cause of chuche to completion.

DPRK: People Begin Visiting Mt. Paektu Revolutionary Battle Sites

SK0506111696 Pyongyang KCNA in English 1003 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — Working people from different parts of the country began visiting the Mt. Paektu revolutionary battle sites on the lapse of 40 years since the great leader Comrade Kim Chong-il opened up the course of excursion to the Mt. Paektu revolutionary battle sites.

In June 1956, Comrade Kim Chong-il initiated an excursion to the Mt. Paektu revolutionary battle sites and led the first excursion group in person so as to pave the way.

As a result, he provided a landmark of epochal turn in resolutely defending, purely carrying forward and developing the brilliant revolutionary traditions of the Workers' Party of Korea [WPK], established by the great leader President Kim Il-song, and creditably inheriting the lineage of chuche of the Korean revolution.

For the people from all walks of life across the country to visit the Mt. Paektu revolutionary battle sites along the course provided by Comrade Kim Chong-il is of weighty importance in further arming themselves with the glorious revolutionary traditions of the WPK and pushing ahead with the struggle for the accomplishment of the revolutionary cause of chuche.

Involved in the current excursion are officials from party and power bodies, administrative and economic organs and public organisations and men of science, education, public health and culture and art and the press, party members and working people of industrial establishments and cooperative farms, officers and men of the Korean People's Army and servicemen of public security organs.

The visitors are to leave Hyesan for a visit to the Mt. Paektu secret camp via revolutionary battle sites in Pochonbo and Samjiyon and other places before climbing up Mt. Paektu, the holy mountain of revolution.

On the fourth of June, prior to their departure, people of all walks of life from Pyongyang, Chagang and North Hamgyong Provinces and trade union officials from different parts of the country laid floral baskets and made a bow before the statue of President Kim Il-song at the monument to the victorious Pochonbo battle in Hyesan.

An excursion group of Pyongyang Senior Middle School No. 1 left Pyongyang on June 4 to visit the Mt. Paektu revolutionary battle sites on the occasion.

The 100-member group mainly consists of third year students of the school, which is associated with the imperishable revolutionary history of Comrade Kim Chong-il.

A red flag associated with the spirit of the revolutionary forerunners was handed to the group at the starting ceremony.

DPRK: Kim Chong-il, Leaders Visiting Mt. Chilbo

SK0506232096 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 5 Jun 96

[FBIS Translated Text] The Great Leader Comrade Kim Chong-il has visited Mt. Chilbo. Comrade Kim Chong-il, the great leader of our party and people, has visited Mt. Chilbo. He was accompanied by Comrades Kim Ki-nam, Kim Kuk-tae, and Kim Yong-sun, secretaries of the Workers Party of Korea [WPK] Central Committee, and functionaries of sectors concerned.

Mt. Chilbo is located in a vast area with the blue East Sea on its east, Orangchon Stream on its north, which runs toward Kyongson Bay, and Hwadaechon Stream on its south. As part of the Paektu Volcanic Zone, Mt. Chilbo and Mt. Paektu were created at the same time. Mt. Chilbo is a scenic point that has distinctive scenery with intricate-shaped rocks cuffed and shaped by rain and wind for a long time, as well as peculiar peaks and cliffs that were created when the odd strata crumbled.

During his visit, Comrade Kim Chong-il first visited historic and cultural relics on Mt. Chilbo, including the Kaesin Temple built in 826. After listening to an explanation on the cultural relics, Comrade Kim Chong-il said we should properly preserve and manage cultural relics that bear the excellent architecture, art, and time-honored history of our people because they are precious cultural assets of the country, and presented specific tasks to do so.

Comrade Kim Chong-il then climbed the Sungsondae Hill to see the splendid general view of Mt. Chilbo that provides an enchanting panoramic landscape. Comrade Kim Chong-il said that our country, blessed with beautiful mountains and clean water, has everywhere many scenic points that make the people of the world envious, and that our people have great pride in enjoying true life to their hearts' content in the beautiful socialist fatherland with laudable culture and time-honored history. Saying one can have patriotic spirit after learning the history, culture, and beauty of the fatherland, Comrade Kim Chong-il stressed that indoctrination in patriotism should be strengthened using scenic points.

Comrade Kim Chong-il said that Mt. Chilbo, which had been monopolized by the exploiting class for a long time, turned into a recreation ground of the people in the Workers Party era. He then pointed out that scenic points of Mt. Chilbo should be managed distinctively so that more working people can see it.

Comrade Kim Chong-il pointed out: In order to manage the place of natural beauty, it is necessary to pave a visitors' road, from which people can see a panorama of inner and outer Chilbo as well as the core Chilbo at the same time, based on a detailed field survey of Mt. Chilbo, and to have the place equipped with more facilities for visitors.

Comrade Kim Chong-il also noted: To preserve the unique scenery of Mt. Chilbo as it is, it is necessary to manage the scenic points in the mountain in a proper way and thoroughly prevent damage from natural phenomena.

Comrade Kim Chong-il stressed the need of tourist organizational work under the condition that more people will visit Mt. Chilbo in the future, and he presented specific tasks and methods for the organizational work.

DPRK: Kim Chong-il, Leaders Tour Mt. Chilbo

SK0506230996 Pyongyang KCNA in English 2110 GMT 5 Jun 96

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — The Great Leader Comrade Kim Chong-il toured Mt. Chilbo.

He was accompanied by Kim Ki-nam, Kim Kuk-tae and Kim Yong-sun, secretaries of the Central Committee of the Workers' Party of Korea, and officials concerned.

The mountain is situated in an extensive area surrounded by the East Sea of Korea in the east, River Orang flowing to Kyongsong Bay in the North and River Hwadae in the south. It appeared at the same time with Mt. Paektu as part of the Paektu Volcanic Zone.

It is a mountain of scenic beauty. Its rocks have been washed and shaved by rain and wind, causing many cracks, and such strata have been pulled down, making wonderful peaks and cliffs.

Comrade Kim Chong-il saw the Kaesim Temple built in the year 826 and other historical and cultural relics.

He said the relics showing the excellent architecture, art and long history of the Korean people are valuable cultural wealth of the nation which needs utmost care, and gave detailed tasks for their proper preservation.

He then climbed the Sungson Pavilion and commanded a kaleidoscopic view of the mountain.

There are many world-famous beauty spots in Korea blessed with clean waters and beautiful mountains, he said. It is a great pride of the Korean people to live a worthwhile life in the beautiful socialist country with a brilliant culture and a long history.

Saying that if one is to have a patriotic spirit, one should get a good knowledge of the history, culture, and beauty of the country, he stressed the need to strengthen education in patriotism through scenic spots.

He also said the mountain, which had long been monopolized by the exploiter class, has turned into a sightseeing mountain for the people since the advent of the Workers' Party era. The picturesque mountain should be kept in a peculiar way so that a larger number of working people may tour it, he said.

To this end, he noted, a detailed survey of the mountain should be made and, on its basis, a tourist motorway commanding a view of inner Chilbo, outer Chilbo and sea Chilbo paved and more facilities for tourism installed.

He said that if the peculiar beauty of Mt. Chilbo is to be preserved, places of scenic interest should be preserved well and, at the same time, natural damage prevented.

Pointing out that with many people likely to come to the mountain, tourism should be organized properly, he indicated concrete tasks and ways for tourism.

DPRK: Flood-Damaged Sinuiju Area Accelerates Rice Transplanting

SK0506130996 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 4 Jun 96

[FBIS Translated Text] In the paddies of the cooperative farms in the flood-damaged area of Sinuiju, which are blooming with new life by turning catastrophe into bliss with the great benevolence and love of the great leader [yongdoja] Comrade Kim Chong-il, rice transplantation is being carried out in its final stage to obtain a bumper harvest.

Agricultural workers of the flood-damaged area are vigorously launching rice transplantation work and are making enormous upsurges while vigorously launching into a struggle to overcome the flood damage, are accelerating preparations for farming this year, are effectively raising rice-sprouts, and are earnestly overhauling various farm machines.

Following the chuche-based farming method, agricultural workers of the Sangdan Cooperative Farm are transplanting rice in many paddies every day after raising strong rice-sprouts, beefing up the role of tractor drivers, and giving priority to harrowing.

To timely finish rice transplanting, the Yuchae Cooperative Farm is daily increasing its transplanting performance by carefully organizing the campaign.

Workers and agricultural workers of the Sangdan and Taji Cooperative Farms are putting all energy into rice transplanting and are revving it up, transplanting an appropriate number of rice-sprout heads per pyong [one pyong equals 3.3 square meters] and an appropriate number of stalks per head through enhancing the roles of transplanting equipment drivers and the transporters of rice sprouts.

South Korea

ROK: Red Cross To Ask Government To Allow Rice Aid for DPRK

SK0406121096 Seoul KYONGHYANG SINMUN in Korean 4 Jun 96 p 4

[Article by reporter Yi Tae-kun]

[FBIS Translated Text] Sometime this week the Korea National Red Cross plans to propose to the government that it be allowed to provide rice aid to the North. The government plans to examine this. Thus, attention is being focused on whether rice aid to the North will be resumed. On 3 June, an official of the Korea National Red Cross revealed: "We have not yet received an official response from the government on being granted permission to provide rice aid to the North. However, through consultations within the Korea National Red Cross, we plan to officially submit a request to the government, sometime this week at the earliest, that we be allowed to provide rice aid to the North."

He explained: "Through relief activities toward the North on many occasions, the International Federation of the Red Cross [IFRC], which is an upper class organization of the Korea National Red Cross, secured the transparency of distribution; thus, the detailed situation of some 130,000 people subject to relief has been examined. Therefore, if the Korea National Red Cross becomes the single channel in providing rice aid to the North, there may be side effects such as disputes over its diversion."

In this connection, an official of the Ministry of National Unification revealed: "The government has not decided on whether it will allow rice aid to the North at this time, but if the Korea National Red Cross proposes rice aid to the North, it will examine this matter."

If the government allows the Korea National Red Cross to provide rice aid to the North, it will provide 12,285 tonnes of rice to 130,000 people, including 29,000 people in North Pyongan Province; 53,000 people in Chagang Province; 33,000 people in North Hwanghae Province; 6,000 people in South Hwanghae Province; and 7,000 people in Kangwon Province, which the IFRC have already designated as those needing relief.

ROK: Article on 'Shaky' Cooperation Over DPRK Aid

SK0506084896 Seoul CHUNGANG ILBO in Korean 4 Jun 96 p 3

[Article by reporter Pae Myong-pok: "Shaky Three-Country Cooperation Over Grain Assistance to North Korea"]

[FBIS Translated Text] As the United Nations will soon announce a plan to launch a second campaign to provide grain to North Korea, the ROK, the United States, and Japan are expected to bicker about how much grain will be provided and how to pay for the grain assistance.

The United States and Japan have already decided to affirmatively respond to the official call from the UN Department of Humanitarian Affairs for additional grain assistance to North Korea, which is expected to be announced on 10 June, and are examining how much they will provide and how they will pay for it.

In connection with this, an official from the ROK Ministry of Foreign Affairs has said "it is not time for the government to express its position." However, the government is considering this matter because a larger amount of grain may be provided this time and different funds may be used. The government's basic position is that it need not bother if the United States and Japan provide small indirect assistance through international agencies on a humanitarian basis.

For this reason, the government did not object to the U.S. decision the last time to provide grain worth $2 million to North Korea through the World Food Program.

However, the grain assistance this time is different. First, it is clear that a greater amount will be provided. Then, the government will face a dilemma in determining how much is "small assistance."

What funds will be used is also a problem. In the first grain assistance, the United States paid for the grain for North Korea out of funds from the Foreign Disaster Assistance, which is supervised by the U.S. Agriculture Department. At that time, it originally examined the possibility of providing grain to North Korea under U.S. Public Law 480, a law for providing grain assistance to developing countries. It abandoned the idea when the ROK resisted, saying it would hurt the ROK people's feelings if the United States provided grain to North Korea, a "hostile country," under a law that it once invoked to provide free grain assistance to the ROK. However, the United States has used all the funds from Foreign Disaster Assistance, and thus has no other funds available except those under Public Law 480. This poses another dilemma for the ROK Government. Still, both the United States and Japan are expected to provide grain to North Korea through international agencies.

Additional grain assistance to North Korea by the United States and Japan will provide an opportunity for the ROK Government to again realize that three-country cooperation no longer serves as an excuse to prevent the two countries from seeking closer ties with North Korea using humanitarian affairs as a pretext. How the ROK Government will handle disputes at home over grain assistance to North Korea is also a troublesome issue, of course.

ROK: Agricultural Expert Says 'Poor' DPRK Harvest Expected in 1996

SK0506033796 (Internet) The Digital Chosun Ilbo WWW in English 1214 GMT 5 Jun 96

[FBIS Transcribed Text] An agricultural expert who visited farm communes in North Korea in mid-May, released Tuesday [4 June], that he expects a poor harvest again this year. Cold weather in April, and a sudden increase of temperature in mid-May will encourage the wide spread of blight and insect damage.

Cold winds and widely varying temperatures in April, created unfavorable conditions for corn and rice seedlings, and delayed transplantation of rice plants by 2-3 weeks. Because winter comes earlier to North Korea than to the South, delays in transplanting lead to a decrease in harvest because of the shortened growth period. Rises in temperature in mid-May induced an increase in insect activity and parasitism of plants, leaving North Korean officials at a loss, as the country has no insecticide.

ROK Government Considering Aiding DPRK Via Private Organizations

SK0506034196 Seoul THE KOREA TIMES in English 5 Jun 96 p 1

[FBIS Transcribed Text] Convinced that it is necessary to offer humanitarian grain aid to North Korea via private organizations, the government is expected to decide soon the amount and timing of its aid to Pyongyang.

The United Nations Department of Humanitarian Assistance (UNDHA) is expected to issue a report on the North's food situation next week jointly with the Food and Agriculture Organization (FAO) and the World Food Program (WFP), officials here said.

Timed with the issuance of the report, the international organizations will organize a briefing session for envoys from 20 to 25 potential donor countries in New York to request their donations, they added. The world bodies are expected to raise as much as $50 million.

However, a senior Foreign Ministry official said that the humanitarian aid does not mean large-scale government level aid and ruled out the possibility of Seoul or Tokyo offering hundreds of thousands of tons of rice as they did last year.

Last year, Seoul offered 150,000 tons of rice to North Korea in a bid to dramatically enhance inter-Korean relations. However, its efforts were diluted after Japan shipped 500,000 tons of rice to North Korea, causing strains in relations between Seoul and Tokyo.

"The Seoul Government will decide its level of contributions after assessing the international organizations' pleas," the official said.

As North Korea's food situation cannot be viewed as a famine, international grain aid will take the form of "limited aid to limited areas struck by floods last year," he said.

Earlier, a senior official of the Ministry of National Unification expressed willingness to offer grain to North Korea if the Korea National Red Cross made a recommendation on what kinds of grain should be offered to North Korea.

The government designated the Red Cross Society as a sole channel of aid to North Korea while banning other private organizations from independently offering grain to North Korea.

This time, the government will also review the possibility of making contributions to North Korea through international organizations.

Meanwhile, the Foreign Ministry official denied press reports that Washington revised "Public Law [PL] 480" to facilitate its aid to North Korea.

Stressing that Washington's revision of PL 480 was not targeted at North Korea, the ministry said it was designed to open the way for the assistance of management expenses to international organizations.

ROK: PRC To Give DPRK 1.1 Million Tonnes of Oil Each Year

SK0606051796 Seoul CHUNGANG ILBO in Korean 6 Jun 96 p 2

[Report by Beijing-based correspondent Mun Il-hyon]

[FBIS Translated Text] It has been learned that China promised North Korea that it would provide grant-type aid of 1.1-1.2 million tonnes of crude oil and 1 million tonnes of coke annually from this year to 2000. China gave North Korea about the same quantity of crude oil and coke in 1995 as well.

A Beijing source well-versed in North Korean affairs on 5 June said that the Chinese side promised this when North Korean Vice Premier Hong Song-nam visited China in May.

The source added that this was disclosed by Yi Song-nok, vice chairman of the North Korean External Economic Committee, who accompanied Vice Premier Hong.

In this connection, another high-level Beijing source said that the Chinese-North Korean Agreement on Economic and Technological Exchange and Cooperation, which was signed between Vice Premier Hong and the PRC Vice Premier Li Lanqing, stipulates the principle that assistance would consist of strategic materials such as oil, food, and coke.

The agreement is known to stipulate that goods be supplied in the form of a government loan without mentioning the terms of reimbursement or interest. Therefore, the aid is taken to be a grant-type aid.

The Chinese side sent Shi Guangsheng, vice minister of foreign trade and economic cooperation, to Pyongyang on 29 May to discuss follow-up measures for the agreement.

In the meantime, the Chinese official news agency XINHUA, in a dispatch from Pyongyang, reported that Vice Minister Shi held talks with Vice Premier Hong Song-nam and Vice Chairman Yi Song-nok on 4 June to discuss economic cooperation between the two countries.

ROK Government Reportedly Reexamining Aid Policy for DPRK

SK0606131996 Seoul KBS-1 Radio Network in Korean 1100 GMT 6 Jun 96

[FBIS Translated Text] Since the United Nations' plan for humanitarian food aid to North Korea has been set, and a decision has been made on the scale of a second round of UN food aid to North Korea, the ROK Government reportedly has examined ways to change its existing policy on food aid to North Korea. The government reportedly will soon hold a meeting of the Unification and Security Policy Coordinating Committee to discuss partially lifting the ban on civilian grain aid to North Korea. As a government-level measure, the government is reportedly considering donating small amounts of funds to the United Nations and other international organizations in order for them to send food aid to North Korea.

ROK: Taiwan Official Reports DPRK Request for Rice Aid

SK0606134796 Seoul YONHAP in English 1207 GMT 6 Jun 96

[FBIS Transcribed Text] Hong Kong, June 6 (YONHAP) — North Korea has asked Taiwan for 1 million tons of rice, a Taiwan official who has just been to North Korea said in Taipei Thursday [6 June].

Lin Wen-hsiung of the Taiwan provincial government's Agriculture and Forestry Department, said that North Korea's flood committee wanted that the Taiwan government provide 200,000 to 300,000 tons of rice to Pyongyang for free.

"If it is hard for Taiwan to furnish a grant-type assistance, North Korea wanted to have 500,000 to 1,000,000 tons of rice from Taiwan on a payment basis," Lin said.

He said his Taiwan provincial government would file a report to the Taiwan cabinet based on his finding and the cabinet would soon decide on whether to give rice to North Korea.

Lin was one of the nine-member Taiwan provincial government delegation that visited North Korea last May 31-June 5 to look into food situation there.

Another delegation member said that in North Korea his delegation was not allowed to visit homes or talk with people in Huiju near Mt. Myohyang, one of the flood-stricken areas.

"In Pyongyang and elsewhere, we saw North Korean people scan fields in search of wild vegetables. They had bags on their back without any exception," he said.

In mountains, he said, local farmers were seen felling acacia trees to collect eatable acacia flowers.

North Korean officials told the delegation that ordinary people's food ration has been reduced from 700 grams to 250 to 300 grams per day, and the delegation saw no foods, fruits or vegetables at department stores, he said.

ROK: Seoul To Import Rice for First Time in 13 Years

SK0506050696 Seoul YONHAP in English 0153 GMT 5 Jun 96

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — South Korea will import 440,000 som (about 63,360 tons) of rice for staple meals this year for the first time in 13 years, the Agriculture, Forestry and Fisheries Ministry said on Wednesday [5 June].

The ministry announced that it asked the Supply Administration to import the "medium- and short-grain rice," which is used mainly for staple food this year in accordance with the provision of minimum market access [MMA] of the World Trade Organization agreement.

The country imported about 50,400 tons of rice last year to abide by the MMA provision, and the rice was "long-grain," which is used mainly for processed foods like liquor.

Medium- and short-grain rice is about 5 millimeters long and relatively watery and sticky.

The ministry, worrying over possible protest from rice-producing farmers and civic organizations, said it will try to control domestic rice prices to make sure that imports do not affect the income of farmers.

The ministry said it has determined that the country needs to import a lot of high quality rice this year since the country's total rice stockpile is expected to fall to 2.78 million som (about 400,000 tons) by October, far short of the 5.5 million som advised by the Food and Agriculture Organization (FAO).

The ministry is planning to announce a comprehensive rice industry development strategy by the middle of this month.

ROK Daily Expects 'Even More Frozen' Inter-Korean Relations

SK2405150396 Seoul HANGYORE SINMUN in Korean 24 May 96 p 3

[Report by Kim Song-kol]

[FBIS Summary] Experts conclude that South-North relations "will highly likely become even more frozen" due to the intrusion into ROK territorial waters by North Korean patrol ships and the defection of a North Korean MiG-19 fighter pilot, both of which occurred on 23 May.

First, it is expected that North Korea "will tighten its system for the time being" following the defection of the pilot, which "showed again the internal shakiness of the North Korean system" and "revealed cracks in military discipline in the North Korean Army." The National Defense Ministry believes that this incident has given a "great shock" to the North Korean Army.

It is also expected that if the North Korean pilot exposes breakdowns in military discipline and the economic crisis in North Korea, the North Korean authorities will attack the ROK Government, calling the incident a "dramatic fabrication" as they have done in previous similar incidents.

The intrusion into the South by North Korean patrol ships "may also aggravate military tensions because of the great stir arising from the incident." The National

Defense Ministry believes that North Korea committed the trespass to gain a "favorable position in the four-way talks and North Korea-U.S. negotiations," to control its internal situation "overwhelmed by political and economic anxiety," and to drive the ROK political situation into instability. In particular, the maritime intrusion shows North Korea's "ulterior aim of gaining the upper hand in negotiations on security on the Korean Peninsula by amplifying military tensions deliberately while making alluring gestures to the United States." With this view, the ministry issued a strong statement warning that it "will never allow any illegal intrusion by the North Korean Army" and noting that it has decided to increase its level of alertness toward North Korea.

ROK: KEDO-DPRK Protocol Agreement Detailed

SK2505034496 Seoul THE KOREA TIMES in English 25 May 96 p 2

[Report by staff reporter Son Ke-yong]

[FBIS Transcribed Text] North Korea and an international consortium responsible for the supply of two nuclear reactors to North Korea initialled a protocol on diplomatic privileges, immunities and consular protection in New York, clearing the first hurdle for a successful reactor project.

The protocol was the first of more than 10 documents to be prepared to implement a supply contract between the Korean Peninsula Energy Development Organization (KEDO) and North Korea last December.

"The agreement was possible because KEDO and North Korea shared a consensus on the necessity of a legal basis for the successful implementation of the extraordinary project," said Chang Sun-sop, commissioner of the Office of Planning of the Light-Water Reactor (LWR) Project, an inter-ministerial body set up to supervise the project.

The reactor construction process will kick off late this year when the remaining protocols are agreed upon by KEDO and North Korea, and a commercial contract is signed by KEDO and the Korea Electric Power Corporation (KEPCO), named as the prime contractor of the nuclear project.

The protocol stipulates that all KEDO personnel, most of whom will be South Korean engineers and workers, shall enjoy "immunity from personal arrest or detention and from seizure of their personal baggage."

If North Korea wants to arrest them due to the graveness of their violations, North Korean authorities and KEDO are supposed to set up an arbitration committee to deal with the issues, Chang said.

The international consortium is responsible for maintaining law and order inside the construction site. KEDO personnel are also allowed to perform their duties in "related areas," including ports and airports, and "associated areas," including a third place they will travel for talks, or under emergency situations, as well as the construction site.

Chang said that KEDO and North Korea bargained hard about the issue of consular protection because KEDO tried to prevent North Korea from taking actions unilaterally against KEDO staffers.

Currently, KEDO and a seven-member North Korean delegation are holding talks to sign another protocol on traffic and communications. "We cannot predict the prospects for a deal because both sides will have to settle several issues," he said.

If two more protocols on site and service, along with the two other protocols, are signed, the legal foundation for the start of construction work will be prepared, he said.

Although KEDO sought to sign six protocols in the first half of this year, negotiations on protocol matters have not made smooth progress, thus causing the postponement of the whole process. The closed-door negotiations on the protocol on consular protection opened in New York April 8.

With regard to sharing the burden of the estimated $4 billion needed to construct two light-water reactors, the former Korean ambassador to Paris said that Seoul, Tokyo and Washington will enter into negotiations in late July or early August, when KEPCO finishes the process of estimating the total cost.

The signing of a commercial contract between KEDO and KEPCO will also take considerable time, which will be decisive in the kickoff of the construction work, he added.

Meanwhile, a Foreign Ministry spokesman welcomed the accord as it would become a significant basis for the implementation of the $4-billion reactor project.

The protocol will open the way for KEDO staffers and its contractors to launch their activities in North Korea under legal protection, the spokesman said.

The spokesman called on North Korea to abide by international norms concerning the peaceful use of nuclear energy and safeguards.

Meanwhile, five technical missions have visited North Korea to survey the proposed site for the light-water nuclear reactors, which will replace North Korea's outmoded graphite-moderated reactors. KEDO plans to send the sixth mission soon.

ROK: Hanchongnyon Ceremony Inaugurates 4th Executive Committee

SK2505060596 Seoul YONHAP in English 0147 GMT 25 May 96

[FBIS Transcribed Text] Chonju, North Cholla Province, May 25 (YONHAP) — Hanchongnyon, the Korean Federation of University Student Councils, inaugurated its fourth executive committee late Friday [24 May] night at Chonbuk National University, with more than 30,000 students from approximately 200 universities across the country attending.

North Korean student representatives sent a tape recorded statement rebuking South Korea and the United States, and ethnic Korean students from overseas made international telephone calls to send their congratulations.

Hanchongnyon insisted in their declaration that the United States and North Korea must sign a peace treaty and that Koreans from the South, North and overseas should join together for a "great march for unification."

Hanchongnyon students also said that the Korean unification process should be based on the "confederal system."

ROK: Seoul To Promote Economic Cooperation With DPRK

SK2505060696 Seoul THE KOREA HERALD in English 25 May 96 p 2

[Report by staff reporter Pae Un-chu]

[FBIS Transcribed Text] Whether or not North Korea accepts a proposal for four-nation peace talks, South Korean officials said that they will continue to promote economic cooperation with the North.

About two weeks after South Korea and the United States proposed peace talks with North Korea and China, the South Korean government approved three companies' efforts to start joint ventures in the North.

Samsung Electronics Co. was approved to build a communications center in the North Korean Najin-Sonbong free-trade zone. Two others were approved to produce and sell drinking water and electronic goods in North Korea.

Notably, all three joint ventures exceeded the $5 million ceiling, which the South Korean government had imposed on any businesses investing in the North.

"Samsung's approval is meaningful because it is the first South Korean company to invest in North Korea's social overhead capital (infrastructure)," a government official said.

He also said that South Korea is considering giving additional economic benefits to North Korea if the North accepts the proposed four-way talks.

North Korea also seems to be interested in drawing investments from South Korea and other capitalist countries.

Yi Song-nok, vice chairman of North Korea's External Economic Affairs Commission, said last week that North Korea will accept "forms and methods of transactions on the international market." His remarks indicated North Korea's shift toward a more open trade policy.

Reportedly, North Korea has also decided to name a diplomat-turned administrator as new mayor of Najin-Sonbong free-trade zone, which was recently promoted to the status of a special city. His appointment would help promote foreign investment in the city, North Korea experts said.

Kim Kyong-un, the candidate for the mayoral post, served as a commerce representative in Lebanon and as North Korean ambassador to Norway in the past. North Korea experts said he is experienced in dealing with foreign firms.

North Korea will show notable changes in its economic policies starting this summer, which marks the end of the mourning period for its late leader Kim Il-song, North Korea experts said.

A South Korean government official, who had recently met a North Korean official in a third country, also said that North Korea is planning to expand the free trade area in the Najin-Sonbong region and set up employment regulations for North Korean laborers working in the area.

North Korea analysts believe that South Korean corporations vying to invest in the North should seize these opportunities.

So far, they said, South Korean joint projects in the North have been mainly based on a processing-on-commission formula. They are limited to producing apparel, stuffed toys and other household goods.

They suggested that South and North Korea could jointly construct railroads or seaports in Russia or China, which are located moderately close to the Korean Peninsula.

They also proposed that South Korean companies help North Korean corporations, which have little experience in overseas marketing, to sell their products in foreign countries by passing on their know-how and marketing strategy to North Korean businesses.

Prof. Kim Song-hun at Chungang University said South and North Korea could start joint projects with China, Japan and the United States.

He said that South Korea should avoid any exclusive large-scale investment in North Korea to minimize its exposure to risks.

"South Korea needs to form a consortium with other nations to start tourism businesses, resource development projects or any other large-scale ventures," he said.

This way, South Korea can minimize budget waste and the impact of any political or military conflicts that could occur, he said.

Prof. Chang Won-sok at Tankuk University agreed with Prof. Kim that more South Korean small- and medium-sized companies need to advance into North Korea and said that conglomerates should assist them by offering technology and capital.

"This could strengthen South Korea's competitiveness in the North Korean market and prompt diverse industries to start investment in the North," he said.

ROK: Unification Official Comments on Energy Shortages in DPRK

SK0506023296 Seoul THE KOREA HERALD in English 5 Jun 96 p 2

[FBIS Transcribed Text] Seventy percent of factories have halted operation in North Korea because of energy shortages, a top South Korean official said yesterday.

Vice Minister of National Unification Song Yong-tae said North Korea, which does not produce petroleum, imported a mere 1.1 million tons of crude oil last year, which amounted to 1.3 percent of South Korean oil imports.

As a result of energy shortages and a consequent decline in industrial output, he said, North Korea's economy is assumed to have declined 4 percent to 5 percent last year.

Song made these remarks at a meeting of the Advisory Council on Democratic and Peaceful Unification.

North Korea's economic difficulties, he said, spilled over to its external trade, which he said dropped to $2 billion last year from $5.3 billion in 1988.

He said North Korea is trying to improve its economic situation by inducing foreign capital into its Najin-Sonbong free trade zone. But with a paltry $20 million invested in 16 projects in the free trade zone, he said, North Korean efforts to induce foreign capital have yet to pay off.

When it designated the Najin-Sonbong region as a free trade zone in 1991, North Korea had an ambitious plan to induce foreign direct investments totaling $7 billion.

Song said South Korea will continue to promote economic cooperation with North Korea while promoting peace on the Korean Peninsula.

He indicated inter-Korea economic cooperation will expand beyond the current level if North Korea accepts a proposal for four-way talks with South Korea, the United States and China on the replacement of the Armistice Agreement with a peace treaty.

South Korea, he said, will continue to persuade North Korea to accept the proposal in cooperation with the United States and China.

ROK Daily Views Reshuffle of U.S. State Department's DPRK Staff

SK0606092496 Seoul KYONGHYANG SINMUN in Korean 6 Jun 96 p 4

[Article by reporter Yi Pyong-kwang]

[FBIS Translated Text] In July, there will be a major reshuffle of U.S. State Department officials charged with Korean affairs.

So far, the lineup of officials in the U.S. State Department who handle affairs on the Korean peninsula has been the assistant secretary of state for East Asia and Pacific Affairs, the deputy assistant secretary of state for East Asia and Pacific Affairs, the Korean Section, and the Political Section of the U.S. Embassy in the ROK.

Of these staffers, only Assistant Secretary of State Winston Lord and Ambassador Laney will remain in their present posts; the deputy assistant secretary, officials of the Korean Section, and officials of the Political Section of the U.S. Embassy will be replaced beginning in early July.

Thomas Hubbard, deputy assistant secretary of state for East Asia and Pacific Affairs, who was deeply involved in affairs on the Korean peninsula while assisting Assistant Secretary Lord, is soon expected to assume the post as U.S. ambassador to the Philippines.

Deputy Assistant Secretary Hubbard was deeply involved in the process of North Korean-U.S. nuclear negotiations and helped bring about the Geneva Framework Agreement in 1994, assisting Ambassador-at-Large Gallucci who was charged with nuclear affairs.

Last year, he held semi-high level talks with North Korean Vice Foreign Minister Kim Kye-kwan in Kuala Lumpur.

Deputy Assistant Secretary Hubbard's present position is expected to be filled by Charles Kartman, deputy chief of mission at the U.S. Embassy in the ROK who was once the chief of the Korean Section of the State Department and is well versed in Korean affairs.

Kartman's present position is expected to be filled by Richard Christenson, deputy chief of the Korean Section.

In view of the position of deputy chief of mission at the U.S. embassy in the ROK, deputy chief of section Christenson's promotion is assessed to be extraordinary as he is jumping ahead two stages.

Because his wife is of Korean nationality, Christenson is fluent in Korean and reportedly has a deep understanding of the Korean sentiment; this may have been taken into account.

David Brown, chief of the Korean Section who was charged with Korean issues under Deputy Assistant Secretary Hubbard, will conclude his career as a public official with his retirement.

Brown was the counterpart to Han Song-yol, minister of the North Korean mission to the UN, and was responsible for maintaining the New York channel between North Korea and the United States. Mark Minton, counselor in charge of political affairs at the U.S. Embassy in the ROK, is expected to replace Brown.

Eric John, the first secretary who assisted Counselor Minton, will return to Washington along with Minton; he is charged with North Korean affairs at the State Department.

Minton's position will be filled by Wittle Luck [name as transliterated], a former secretary who received trained following his service as first secretary at the U.S. Embassy in the ROK.

A Foreign Ministry official said: "It seems the personnel reshuffle took into consideration expertise in issues on the Korean peninsula." The official added: "The U.S. State Department seems to be attaching greater importance to experience in the ROK."

ROK Government officials are closely watching how the personnel reshuffle of the U.S. State Department will affect U.S. policy toward the Korean peninsula.

ROK Daily on Report of 'Secret' ROK, DPRK Meeting in PRC

SK0606073596 Seoul KYONGHYANG SINMUN in Korean 6 Jun 96 p 2

[Report by Washington-based correspondent Pak In-kyu]

[FBIS Translated Text] WASHINGTON TIMES reported on 5 June that North and South Korea began secret talks in Beijing to discuss the issues concerning grain relief and four-way talks, while bypassing the United States. The paper quoted a high-ranking U.S. official, who requested that his name be withheld, as saying: "Even some ROK government officials are not aware of the contacts."

Responding to this, the ROK Embassy in the United States revealed that it "knows nothing about this."

WASHINGTON TIMES also reported that the FAR EASTERN ECONOMIC REVIEW, which is published in Hong Kong, first reported on the secret North-South meeting by quoting analysts in Washington as saying that "the North and South met at least once during the last several weeks." The paper reported that regarding this Robert Benning, a researcher at the U.S. Progressive Policy Institute, said: "It is my understanding that the North and South did not inform the United States of such contacts."

ROK: CHUNGANG ILBO Notes Presence of DPRK Home Page on Internet

SK0406095996 Seoul CHUNGANG ILBO in Korean 3 Jun 96 p 3

[Report by Yu Kwon-ha]

[FBIS Translated Text] With the drastic expansion of the Internet, pornography and other harmful information has become a social problem. What is more shocking is the unscreened infiltration of a home page that praises Kim Il-song, his son, and the North Korean regime to ordinary families.

North Korea had been one of the few countries inaccessible through the Internet, so this is the first time North Korean news and publications are available.

The North Korean home page is listed on the same web site that introduces the ROK, and can be easily read or copied. Anyone could unknowingly violate Chapter 2 Article 7 of the National Security Law banning the admiration of anti-state groups.

The web site shows a portrait of Kim Chong-il and a slogan "Long live the great leader Kim Chong-il." The site also introduces the works of Kim Il-song and Kim Chong-il, as well as the chuche idea and propaganda.

Teens and college students who are exposed to the site may blindly accept the North Korean idea. Steps to prevent ideological pollution are urgently required.

The North Korean home page contains news from NODONG SINMUN and KCNA, as well as broadcasting time and frequencies. Existing passive measures to exclude information on North Korea will no longer be effective.

Anyone with a computer and a modem can easily access the North Korean home page. The North Korean home page appears to be operated not from North Korea but a third country. However, the home page stated: "A web site operated by North Korea will soon be available." Security officials were alerted by the message. The web site is also connected with a Japanese book store that sells North Korean publications, so mail ordering of North Korean books is also possible.

ROK Plans To File Protest With PRC Over 'Piracy' Act

SK0506054396 Seoul THE KOREA TIMES in English 5 Jun 96 p 3

[FBIS Transcribed Text] Attention is being focused on "illegal" fishing by Chinese boats inside the Peace Line that divides the West Sea [Yellow Sea] following an act of piracy by Chinese fishermen against a Korean boat last Friday [1 June] there.

According to the Korea Maritime Police Administration, Chinese boats are fishing in the area irrespective of a crackdown that appears to be at best ineffective.

Its statistics show that last year alone, a total of 7,373 Chinese fishing boats violated the line to fish in the Korean half of the area. Four hundred and seventy-two of them trespassed into Korea's 12-mile territorial waters.

A police spokesman said that the numbers would be higher for many boats went undetected.

The situation is worse this year as 217 Chinese fishing boats were detected crossing the line in the first four months, a 37 percent increase over the same period of last year.

These Chinese boats not only trespassed the economic border on the sea but also overcaught fish, depleting the once bountiful marine resources there.

The Korean government has tried in vain to settle this issue, raising it in occasional contacts between the two governments. Korean maritime authorities are watching how China will react as the May 31 act of piracy happened less than one month after the two countries finished their fourth meeting to sign an maritime agreement.

China cites the lack of a bilateral fishing agreement between the two countries for frequent intrusions of the Peace Line that Beijing does not recognize.

The Korean government plans to file a protest with China over the act of piracy at a regular meeting between maritime authorities of the two countries slated for next month.

A Korea Fishery Administration official said, "The shortcut to settling this problem lies on the prompt signing of a related agreement since the two countries are of different opinions in terms of a maritime border on fishing operations."

ROK Navy Orders Heightened Alert Against Chinese 'Piracy'

SK0606060896 Seoul YONHAP in English 0523 GMT 6 Jun 96

[FBIS Transcribed Text] Seoul, June 6 (YONHAP) — Navy headquarters put its fleets in the Yellow and East Seas on heightened state of alert Thursday [6 June] for possible piracy by Chinese fishing vessels, a Navy spokesman said.

The Navy will work closely with the fishing guidance boats from the Fisheries Administration to apprehend Chinese vessels violating Korean waters, the spokesman said.

A South Korean trawler was attacked by Chinese fishing boats 130 miles southwest of Sohuksan Island, Shinan County, South Cholla Province, May 31 when Chinese fishermen armed with knives and axes injured 11 South Korean fishermen and robbed them of 1.5 million won.

Another South Korean fishing boat was also attacked Wednesday by Chinese fishermen in international waters South of Cheju Island.

ROK, PRC Supreme Court Heads Agree on Judicial Cooperation

SK2205124596 Seoul TONG-A ILBO in Korean 22 May 96 p 3

[Article by reporter Kim Chong-hun]

[FBIS Translated Text] On 21 May, ROK Supreme Court Justice Yun Kwan met Ren Jianxin, president of the Chinese Supreme People's Court, who is visiting our country, at his office and agreed to conclude an agreement on judicial cooperation between the ROK and China.

According to the ROK Supreme Court, with the rapid increase of lawsuits filed by the Chinese since the establishment of diplomatic relations between the two countries in August 1992, the Supreme Court has decided to push ahead with a judicial cooperation system with China on matters such as the delivery of trial documents between the two countries, the examination of witnesses, and the endorsement and enforcement of judgments made at the courts of the two countries. To this end, the Supreme Court also reportedly decided to hold working-level talks with the Chinese Supreme People's Court.

This is the first time for our Supreme Court to push ahead with judicial cooperation with a foreign court of justice.

In particular, considering the expansion of trade and personnel exchanges between the two countries, the possibility of business disputes between firms or personal affairs cases, such as divorce, between the two countries will be high, the Supreme Court decided to establish a policy that makes it possible for the courts of the two countries to endorse and enforce each other's court decisions.

The Supreme Court will conclude, through diplomatic channels, an agreement on judicial cooperation with China once the two countries reach an agreement on the details of their judicial cooperation at the working-level talks.

An official concerned at the Supreme Court stated: "Once a judicial cooperation system is achieved with the Chinese Supreme Court, the results of the examinations of evidence done by Chinese courts will be recognized in our domestic courts as they are."

He added: "There have been many difficulties in the course of legal proceedings involving the Chinese in our courts because of the lack of judicial cooperation between the two countries."

In the meantime, the Supreme Court revealed that lawsuits involving seven civil cases were filed in our courts by the Chinese last year, in addition to 25 legal cases involving family matters such as divorce; and 67 criminal cases, totalling 99 cases. The total cases since the two countries established diplomatic relations number 202.

ROK: Seoul Designated To Hold Third ASEM in 2000

SK0406022196 (Internet) The Digital Chosun Ilbo WWW in English 1206 GMT 3 Jun 96

[FBIS Transcribed Text] In a unanimous decision handed down in a private meeting of the Advisory Committee to the Asia-Europe Summit Meeting (ASEM) Preparation Planning Group on Monday [3 June], members designated Seoul as the recommended site for the third ASEM to be held in 2000. The Korea Foreign Trade Association's proposal for Seoul was deemed the most workable among the six candidate cities. The government will make the final decision after voting on the recommendation Tuesday.

In a separate recommendation, the Advisory Committee suggested that Cheju and Kyongju develop its own convention centers and annex facilities to host international meetings.

ROK: WPK Again Requests Visit to Japan To Meet With SDP

SK0506061796 Seoul YONHAP in English 0448 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 (YONHAP) — North Korea has re-requested to the Social Democratic Party (SDP) of Japan that a Workers' Party delegation be allowed to visit Japan, the TOKYO SHIMBUN reported Wednesday [5 June].

Quoting a senior SDP member, the report alleged that Yi Chong-hyok, vice chairman of the Central Committee of the Workers' Party, assured that his delegation would be satisfied with meetings with the SDP only during such a trip.

The SDP's invitation to Yi's delegation was rescinded abruptly by Japan's ruling coalition government just before it was to arrive on May 27 because of the North's non-acceptance of the proposed four-way talks for peace on the Korean Peninsula.

ROK: LDP Member Sees 'Comfort Women' of Japanese Army as Prostitutes

SK0506043296 Seoul YONHAP in English 0255 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 (YONHAP) — A conservative Japanese politician has attempted to get an old South Korean woman, who was forced to serve as a sex slave of the Japanese Army during World War II, to admit to having made a prostitute of herself for the Japanese Army.

Meeting Kim Sang-hui, 74, of Seoul and her supporters Tuesday [5 June], Tadashi Itagaki, a Liberal Democratic Party [LDP] member of the House of Councilors, asked a demanding question, "You did receive money then, didn't you?" This was revealed by Kim and her supporters.

Kim and her supporters visited the Upper House member of the Diet to protest against his remarks on May

28 that "the forced mobilization of teenage girls for service as comfort women in the Japanese Army during the Pacific War was not a historical fact."

"I didn't receive a single penny," she replied.

"I don't believe you," he said.

When Kim told him that she had been forced to serve as a comfort woman for eight years beginning when she was only 15 years old, Itagaki said it was not the Japanese authorities, nor the Japanese Army, but prostitution businesses that recruited comfort women. He even demanded that she produce "objective evidence" supporting her case.

Asked about the statement issued by Chief Cabinet Secretary Yohei Kono of the Liberal Democratic government headed by Kiichi Miyazawa in August 1993 to admit the coercive recruitment of comfort women, Itagaki said, "The Liberal Democratic Party today is different from the one in those days, and we can't recognize that statement."

One day in 1937 when she was 15 years old, she and her girlfriend were forced by three Japanese officials in Khakis to follow them on a street of Taegu, her hometown, and this led to her life as a sex slave for Japanese soldiers in China until the end of the war.

ROK: Islamabad TV Reports Agreement on Defense Matters

BK0406141796 Islamabad PTV Television Network in English 1300 GMT 4 Jun 96

[FBIS Transcribed Text] Pakistan and South Korea have signed an agreement on the protection of classified military information and identified areas of mutual cooperation in defense. The agreement was signed during the federal minister for defense, Mr. Aftab Shaban Mirani's, visit to Seoul. During his stay in the South Korean capital, Mr. Mirani exchanged views with South Korean Prime Minister Yi Su-song and Minister for National Defense Yi Yang-ho. Matters of mutual interests came under discussion.

ROK: Trade Deficit With Japan, U.S. Increasing

SK0506043496 Seoul YONHAP in English 0054 GMT 5 Jun 96

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — South Korea's trade deficits with Japan and the United States are increasing rapidly, the Bank of Korea [BOK] reported Wednesday [5 June].

There was a 15.12 billion U.S. dollar trade deficit with Japan last year, up 34 percent from 11.28 billion dollars the previous year.

There was a 10-fold increase in the trade deficit with the United States from 480 million dollars in 1994 to 5.13 billion dollars last year.

The result has been that the current-account deficits with Japan and the United States have risen from 10.51 billion dollars and 1.12 billion dollars in 1994 to 13.62 billion dollars and 6.42 billion dollars, respectively, in 1995.

But the trade surplus with Southeast Asian countries has increased 46.6 percent from 13.37 billion dollars in 1994 to 19.6 billion dollars last year.

South Korea registered invisible trade deficits with all other regions but Japan, with their combined total increasing from 1.99 billion dollars in 1994 to 3.64 billion dollars last year.

And the unrequited transfer account balance shifted from a 600 million-dollar surplus in 1994 to a 560 million-dollar deficit last year.

As a result, the nation's overall current-account deficit rose from 4.53 billion dollars in 1994 to 8.95 billion dollars last year.

ROK: Yemeni Vice Foreign Minister Arrives for Investment Talks

SK0506050896 Seoul THE KOREA TIMES in English 5 Jun 96 p 2

[FBIS Transcribed Text] Vice Foreign Minister Abdu 'Ali Abd-al-Rahman of Yemen flew into Seoul Tuesday [4 May] to discuss ways of enhancing trade and investment cooperation.

Rahman will stay in the country until Friday to meet with Vice Foreign Minister Yi Ki-chu.

ROK, EU To Meet 7 May To Discuss Telecommunications Dispute

SK0406034196 Seoul YONHAP in English 0242 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — South Korea and the European Union will hold a meeting Friday [7 June] to settle the dispute regarding the telecommunications market opening as stipulated by the World Trade Organization (WTO) framework, Foreign Ministry spokesman So Tae-won said Tuesday.

The EU filed a complaint with the WTO May 9, insisting that South Korea violated WTO regulations by restricting EU firms' access to South Korean telecommunications market.

The EU has demanded that Seoul provide the same level of most favored nations treatment as promised to the

United States in the 1992 bilateral agreement between Seoul and Washington.

ROK: French Official To Visit ROK, Speak With Leading Officials

SK0506123196 Seoul YONHAP in English 0820 GMT 5 Jun 96

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — Envoy Francois-Xavier Ortoli from the office of the French prime minister will arrive in Seoul Friday [7 June], the French Embassy in Seoul announced Wednesday.

Ortoli's itinerary here includes meetings with Foreign Minister Kong No-myong, Planning Director Choe Sang-tok of the 2000 Asia-Europe meeting in Seoul, Senior Presidential Secretary for Economic Affairs Ku Pon-yong, and Vice Minister of Trade, Industry and Energy An Kwang-ku.

He will also talk with leading Korean businessmen, including representatives from the Daewoo and Ssangyong Groups and Korean Air.

The Paris official is currently engaged in preparations for the Asia-Europe Business Forum in Paris slated for this fall.

ROK Daily Analyzes Koreans' Preference for European Automobiles

SK0306134296 Seoul HANGUK ILBO in Korean 3 Jun 96 p 7

[Article by reporter Pak Chong-kyu]

[FBIS Summary] U.S. auto manufacturers have again set out to expand their market in the ROK "with the help of the U.S. Government." However, it was revealed that, thanks to the new domestic regulations regarding the sales of foreign cars, which was revised in 1995 in accordance with an agreement reached at the ROK- U.S. import negotiations, European automobile manufacturers have enjoyed more favors in the ROK market than those of the United States.

In the period from January through April, sales of U.S. cars in the domestic market increased by 17.8 percent over the same period last year, while sales of European car increased by as much as 60.8 percent. According to experts, this is because Korean consumers "prefer European cars to those of the United States" and "feel that U.S. cars are larger but less safe than European cars, as well as inferior in quality."

Andrew Card, president of the U.S. Automobile Manufacturers Association, came to the ROK in late May and visited automobile- related offices within our government, including Chongwadae [presidential offices] and the Ministry of Construction and Transportation. He demanded an overall revision of the ROK's automobile-related tax system, protesting ROK custom duties that are higher than those of the United States and the special consumption tax on foreign vehicles. The U.S. attitude "means it does not recognize the specific conditions our domestic transportation policy is based on."

ROK automobile businesses predict that, influenced by Card, the U.S. Government will "apply full-fledged trade pressure" to the ROK around August. Some feel that "the U.S. attitude of mentioning the domestic tax system only nine months after the conclusion of ROK-U.S. automobile negotiations will arouse an anti-U.S. sentiment amongst Koreans and cause them to consider the U.S. attitude as intervention in domestic affairs; as a result, far from expanding its car sales in the ROK, the United States may damage itself."

A businessman engaged in automobile manufacturing said: "The United States demands that the ROK open up its automobile market 'at once,' not by stages." He added: "It would be reasonable for the United States to export small cars that Koreans like, selling them cheap while strengthening its service for Korean consumers, and then mention the domestic tax system."

ROK: U.S. 'Barriers' Against ROK Arms Export 'Undermining' Ties

SK0506045396 Seoul THE KOREA TIMES in English 5 Jun 96 p 3

[Report by staff reporter O Yong-chin]

[FBIS Transcribed Text] South Korea's defense industry is suffering due to barriers of the United States that block its exports of U.S.-originated weapons and technologies to third countries, a Defense Ministry source said yesterday.

And the Korean government is raising the issue during the ongoing preparatory meeting for the ROK-U.S. Security Consultative Meeting [SCM] being held in Hawaii. Unless this matter is resolved soon, it is expected to dominate the SCM slated for October in Washington, thus "undermining" the joint defense posture of the two countries, he said.

According to the source, South Korea made 205 requests to sell U.S.-originated weapons to other countries from 1990 to 1995. Those requests amounted to $480 million.

The U.S. government granted approval for only 32 worth $800,000, and did not even look at 162 requests, the source said on condition of anonymity.

Since it is hard to get U.S. approval for requests to sell weapons to third countries, the Korean defense industry is reluctant or in some cases has given up sales activities.

Last year, Korea's total exports of military hardware surpassed the $100 million mark for the first time in years. If the U.S. had been more positive toward Korea's export initiatives, the amount would have been much higher.

A senior ministry procurement officer said, "Some of the items the U.S. was reluctant to approve for sale to third countries include those first deployed 50 years ago."

"The ministry's official position is that should the U.S. continue to further withhold approval of Korea's sales requests, it will undermine the two countries' military relationship," he said. Korea has imported more than 80 percent of its foreign weapons purchases from the United States in consideration of its joint defense posture with the country and because of the interoperability of new weapons with existing ones.

Last year, it imported more than $800 million worth of U.S. arms and related hardware, more than four fifths of its total foreign purchases.

According to the source, the two major sticklers hampering South Korea's weapons sales are: The United States' arbitrary process on deciding whether to approve a Korean sale request or not and the U.S. State Department's major say on the issue.

A procurement expert said, "The U.S. government has ignored its own standing procedure and insisted on receiving the end user certificate (EUC) from its embassy in countries Korea is expected to export its military material to."

"This U.S. insistence has scared away prospective buyers," he said. "Previously, the U.S. had Korea obtain a pre-sale approval and, then at the later stage of negotiations, asked for an EUC. But the U.S. government has arbitrarily ignored this with a view of restricting Korea from exporting arms."

To defuse this predicament that could potentially undermine the bilateral military alliance, Korea plans to ask the U.S. to restore the previous procedure and give an answer on its sale requests promptly within 60 days.

A senior ministry official said, "This issue is one of our top priorities to be resolved during the pre-SCM meeting. If it is not resolved, Korea will take it to the regular SCM ministerial meeting where the defense ministers of the two countries will meet."

ROK 'Content' With U.S. View of Car Market Opening

SK0506031596 Seoul THE KOREA HERALD in English 5 Jun 96 p 1

[FBIS Transcribed Text] Korean trade officials yesterday let out sighs of relief at what they called the "mild" overtone of the latest U.S. reaction to Korea's progress in opening its auto market.

Acting US Trade Rep. [USTR] Charlene Barshefsky and Commerce Secretary Mickey Kantor jointly announced in Washington D.C. on Monday [3 June] that Korea has generally lived up to the terms of a 1995 bilateral auto agreement. The MOU [memorandum of understanding] had called for Korea to liberalize discriminatory barriers such as taxes and access to television advertising.

The Korean Ministry of Trade, Industry and Energy (MOTIE) in turn released the content of Monday's statement here yesterday.

While lauding Korea for its opening measures, the U.S. officials' comments were at the same time liberally tinged with pressure for wider market opening.

"It is still too early to see any significant impact on the Korean auto market," Barshefsky was quoted as saying. The U.S. official reportedly said though the U.S. Government wouldn't make an issue out of the Korean auto market through the World Trade Organization (WTO), the administration would be closely monitoring import levels in the coming months for signs of progress.

In reaction, a MOTIE official said yesterday, "We're generally content with the U.S. reaction." And he stressed, "We will be pushing our efforts to fully publicize what Korea is doing to encourage foreign auto sales."

The USTR report pointed out that the foreign share of the Korean auto market was less than 0.5 percent last year, up slightly from 0.4 percent in 1994. The figure is considerably lower than in Japan, where foreign autos make up about 5 percent of the market.

The Korea Automobile Manufacturers Association (KAMA) projected last week that Korea's total car imports would number about 30,000 units this year, which would mark a 67-percent jump from last year.

For the Jan.-April period of this year alone, car imports shot up 39 percent in value to $290 million, against the 1996 yearly projected sales of $1.05 billion, KAMA said.

Kantor, meanwhile, said that although Korea has made progress in taxation and access to television advertising, "much more needs to be done to fully open the Korean market in order to reach a level of openness comparable with that of the United States."

Kantor is scheduled to come to Seoul later this month, prompting officials here to anticipate further pressure from the U.S. Commerce Secretary.

Korea is the world's fifth largest automaking nation, with 1995 production totaling 2.5 million units. KAMA said the 1996 domestic car production would grow 8 percent to 2.7 million units.

Of the 1996 output of 2.7 million, Korea's seven automakers expect to export about 40 percent, or about 1.1 million, which if reached, would mark a 12-percent rise in exports.

ROK Wins License To Fish for Squid in Peruvian Waters

SK0506050796 Seoul YONHAP in English 0142 GMT 5 Jun 96

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — South Korea won a license to fish up to 54,368 tons of squid in Peruvian waters in an international bidding held Saturday [2 June] in the South American country, the Fisheries Administration reported Wednesday.

South Korean fishing companies secured the quota on condition that they will pay 230 U.S. dollars per ton of their catches in fishing fee. The new quota given to them compares with last year's 49,909 tons.

Accordingly, forty-eight Korean fishing vessels are scheduled to start their eight-month-long operations in Peruvian waters on June 24, the administration said.

Japan was given a quota of 43,132 tons and Argentina 2,500 tons.

ROK Deputy Premier Says ROK To Expand Aid to African Countries

SK0506053196 Seoul THE KOREA TIMES in English 5 Jun 96 p 9

[FBIS Transcribed Text] Deputy Premier and Finance-Economy Minister Na Ung-pae yesterday said Korea will expand aid to African countries.

In a meeting with ambassadors of 11 African countries here at the Lotte Hotel, the deputy premier said, "We are seriously contemplating the possibility of increasing aid in accordance with our anticipated OECD membership."

He said from the Korean government's perspective, "We will push for an increase in the exchange of public sector officials and private sector exchanges in order to increase trade and investment between Korea and Africa."

He said African nations managed to revitalize the continent through economic reforms and the momentum of the world economy, achieving a continent-wide growth rate of 2.9 percent in 1995, with some nations reaching in excess of 4 percent. Witnessing these impressive moves, the World Bank now forecasts that annual growth rates for the Subsaharan area, as well as North Africa will average 3-4 percent in the next 10 years, he said.

He said it is obvious that Africa's recent recovery will serve as a stepping stone for its next leap forward, adding that "Korea would very much like to join the African ambassadors in this bright future by sharing our experience with these African nations in their early development stages so that we may accelerate the onset of economic dynamism on the African continent."

The 11 ambassadors in the meeting represented Swaziland, Zaire, Nigeria, Egypt, South Africa, Sudan, Morocco, Gabon, Tunisia, Ethiopia and Algeria.

ROK: DPRK To Attract 58 Foreign Investment Projects to Najin

SK0106230096 Seoul THE KOREA ECONOMIC WEEKLY in English 27 May 96 p 20

[FBIS Translated Text] North Korea plans to attract 58 foreign investment projects worth $440 million to Najin and Sonbong.

North Korea will announce the plan on September 18 when it will hold the first investment forum in Najin and Sonbong.

Kim Chong-u, vice chairman of North Korea's External Economic Commission, recently delivered the plan to the Chinese Government and asked for full support from them.

By holding this kind of investment forum and attracting more foreign investment, North Korea is trying to vitalize its economy, which is being ailed by food shortage and business slowdown.

The processing of agricultural and fisheries goods, beer brewing, sewing, timber processing, watches, lighting equipment will be on the list of 58 business lines, in which North Korea wants to attract foreign investment. Pyongyang is also trying to attract foreign investment in high technology industries like semiconductors.

After consultations with the UN Development Program and UN Industrial Development Organization, North Korea will finalize the list of business lines by the end of June.

For preparations to host the forum, North Korea is building temporary accommodation facilities. The List of Business Lines [only 15 lines listed as published]

Business	Yearly Output	Investment
	(est.)	($10,000)
Processed fisheries goods	2,500 tons	131
Beer brewing	100,000 kl	400
Processed vegetable	10,000 tons	1,120
Processed meat	15,000 tons	845
Clothing overall	One mil.pieces	880
Stockings	5 mil. pairs	210
TV mfg.	100,000 units	1,500
Semiconductors	1 mil.laser chips	300
Integrate circuits	24 mil.memory chips	5,000
Solar batteries	Capacity of 10MW	500
Electric motors	50,000 units	190
Sewing machine	50,000 units	2200
Auto parts	200 tons	90
Truck assembly	10,000 units	1,200
Motorcycle	10,000 units	110

ROK: Government To Regulate Sale of Foreign Ships

*SK0506110296 Seoul YONHAP in English
0628 GMT 5 Jun 96*

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — South Korea is initiating a move to regulate those foreign shipbuilders and sales dealers which sell freighters or passenger ships at excessively low prices on the Korean domestic market, thereby hurting the Korean shipbuilding industry, business sources said Wednesday [5 June].

This is part of the enforcement decree the Trade, Industry and Energy Ministry has initiated to enforce the regulation.

The enforcement decree, designed to ensure fair competitive terms for local shipbuilding industry will go into effect July 15 at the earliest, according to the sources.

The decree calls for the Korean Government to investigate dumping charges filed by local shipbuilders against foreign shipbuilders and to impose a surcharge.

If foreign shipbuilders or sales dealers involved fail to pay the surcharge without taking substitute relief measures and without renouncing the sales, the Korean Government will ban the ships built by the foreign shipbuilders from loading and unloading at Korean ports.

If foreign shipbuilders dump cargo or passenger ships weighing 100 tons or more, or towing boats with more than 365 kw capacity, the Trade, Industry and Energy Ministry will launch a damage investigation on its own accord or upon receiving a complaint from local shipbuilders.

A complaint calling for the damage investigation may be filed within six months after the local shipbuilders who participated in the shipbuilding bid came, or able, to know of the ship sales in question.

As for those local shipbuilders that did not participate in the bidding but are capable of building the ships in question, they may file a complaint within nine months after they learned about ship sale in question.

The Trade, Industry and Energy Ministry is required to hand down a decision on whether to effectuate the investigation within 45 days after the complaint has been filed: The trade council is responsible for the actual investigation and is required to complete the investigation within one year, according to the enforcement decree.

The enforcement decree is also timed to help the country prepare for the conclusion of the multilateral shipbuilding negotiations Korea has been involved in with the United States, Japan, the European Union, and Norway since October 1989 under the auspices of the Organization for Economic Cooperation and Development (OECD).

The OECD shipbuilding accord is expected go into effect July 15, according to the sources.

ROK To Bring in 19,000 Foreign Workers During 1996

*SK0506123096 Seoul YONHAP in English
0947 GMT 5 Jun 96*

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — A total of 19,000 foreign worker-trainees will be brought into the country in the rest of the year for work at small and medium-size industries.

The Korea Federation of Small Businesses [KFSB] reported Wednesday [5 June] the foreign workers would enter the country beginning late next month to make up for the manpower shortage being encountered especially by small industries.

The 19,000 foreign worker-trainees will be from 14 other Asian countries.

By country, they will include 4,500 from China where many ethnic Koreans live, 4,200 from Indonesia, 3,000 from Vietnam, 2,000 Bangladesh and 1,500 from the Philippines.

ROK Ministry: 50 Percent Increase in Foreign Investment in 1995

SK2205011096 Seoul THE KOREA TIMES in English 22 May 96 p 8

[FBIS Transcribed Text] Foreign investment here has been rising steadily since 1993, and increased nearly 50 percent over 1994 last year, the Ministry of Trade, Industry and Energy [MOTIE] said yesterday.

In a report, the ministry said total foreign investment last year was 1,941 million dollars on an authorization and reporting basis, up 47.4 percent over the previous year.

Last year's figure brought the total accumulated investment by foreign companies to 14,466 million dollars, ministry officials said.

According to them, investment conditions have been improving since the inauguration of the first non-military government in more than 30 years.

MOTIE statistics showed that many foreign companies pulled out of Korea in the late 1980s and early 1990s due to the steep increases in labor and other manufacturing-related costs.

However, accelerated deregulation and liberalization of the domestic market, and improvements in production technology, have encouraged many foreign firms to return or to launch new businesses here, the officials said.

Foreign investment has been concentrated on manufacturing industries with 60 percent of the investment there. Of late, more and more foreign enterprises have been coming here to undertake electric and electronics manufacturing.

"Of the 3,400 companies from 60 countries which have invested in Korea, more than 90 percent are from countries which are members of the Organization for Economic Development and Cooperation," one MOTIE official explained.

While Japan was the leading investor in Korea for most of the past decade and even before, investment from the United States has been taking over in recent years; testifying to improving conditions in the local industry.

Looking at the type of investment, joint ventures accounted for 70.4 percent of the total, especially in the financial and petrochemical sectors, the officials said.

ROK: Kim Yong-sam Hosts Dinner for World Cup Delegates

SK0306123896 Seoul YONHAP in English 1212 GMT 3 Jun 96

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — President Kim Yong-sam hosted a dinner for the World Cup inducement delegation at Chongwa Dae [presidential offices] Monday evening.

Those invited included Yi Hong-ku, New Korea Party chairman and honorary chairman of the Bidding Committee for 2003 World Cup in Korea: Bidding Committee Chairman Ku Pyong-hoe: and Chong Mong-chun, president of the Korean Football Association.

"Seen on a long-term basis, the co-hosting of the world cup by South Korea and Japan is a good thing," President Kim said. "We should try to make the co-host have a favorable effect on overall aspects of Korea-Japan relations."

Saying he is thanking the people for the support they showed for the winning of the co-host, President Kim said he believes the people's support should be rewarded with successful staging of world cup finals.

From the government side, the dinner was attended by Prime Minister Yi Su-song, Foreign Minister Kong No-myong, Defense Minister Yi Yang-ho and Culture and Sports Minister Kim Yong-su.

ROK: Prosecution To Seek Arrest Warrant for Former MFE Official

SK0406022496 Seoul YONHAP in English 0125 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — An arrest warrant will be requested for Yon Won-yong, former councilor for International Financing and Securities Affairs at the Ministry of Finance and Economy [MFE], on graft charges.

A decision to that effect was reached Monday [3 June] by the Central Investigation Division of the Supreme Public Prosecutor's Office, which is now investigating the graft case involving Paek Won-ku, president of the Securities Supervisory Board, who was arrested Sunday.

Yon, a grade-two official now undergoing training at the Central Officials Training Institute, is alleged to have taken tens of millions of won in kickbacks from businesses in connection with the merger and acquisition of corporations, according to the prosecution.

ROK: Pak Chong-pu Named as Securities Supervisory Board Chief

SK0406023296 Seoul YONHAP in English 0154 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — The government appointed Pak Chong-pu, former vice minister of health and society, chief of the Securities Supervisory Board, Tuesday [4 June].

He will replace Paek Won-ku, who was recently arrested on bribery charges.

The government also promoted Yi Kang-u, commissioner of the National Statistical Office, to vice chairman of the Fair Trade Commission, while replacing Yi with Chong Chae-yong, a permanent member of the Fair Trade Commission.

A native of Changnyong, South Kyongsang Province, Pak, 54, graduated from the Seoul National University Economics Department and has served as assistant minister for planning and management at the Economic Planning Board, vice health and social affairs minister and then president of the Korea Gas Corp.

ROK Official's Arrest 'Harsh Blow' to Powerful Finance Ministry

SK0606053496 Seoul THE KOREA HERALD in English 6 Jun 96 p 9

[By staff reporter Kwak Yong-sop]

[FBIS Transcribed Text] The Ministry of Finance and Economy (MOFE), called a dragon ministry because of its big size and omnipotent power, has been said to be "in a region of calmness amid President Kim Yong-sam's far-reaching reform wind."

An amalgam of the former Ministry of Finance and the Economic Planning Board, the ministry, in charge of overall economic policies, has exercised an unquestioned influence over almost all business sectors.

The arrest of a senior ministry official on graft charges Tuesday [4 June], however, has dealt a harsh blow to the most powerful government agency, providing it with an occasion for soul-searching.

Minister of Finance and Economy Na Ung-pae said yesterday that the government will make efforts to boost the transparency of its decision-making process and policy implementation regarding the securities industry. The ministry will also establish a task force which will be charged with drawing up measures to make its securities administration more clear, said Na, also deputy prime minister.

"I apologize to the public for the case. On this occasion, I will try to ensure that no such scandal involving ministry officials occur again," Na said in a news conference. "The occasion should serve as an opportunity for ministry officials to do soul-searching."

The ministry will draw up a set of objective standards for administration and make efforts to promote the transparency of its securities administration including the selection of corporate public offerings, the reporting procedure for corporate consolidation and the inspection of unfair trading.

In the future, the ministry will have only a minimum level of regulatory powers needed for protecting investors and maintaining the soundness of the securities industry, while transferring to an industry organization the authority to select the turn of corporations making public offerings, he said.

To that end, it will set up the task force, which will be comprised of ministry officials, academicians and people from the securities industry, the top economic policymaker said.

He also emphasized that the ministry will audit supervisory organizations under its wing by the book and strengthen its monitoring of the results of the implementation of securities-related policies.

Critics, however, are skeptical of the ministry's pledge to make its policymaking and supervision process more clear. "Increased transparency will divest ministry officials of their powers to control the industry. Given that, it is doubtful whether the ministry's commitment will bear any fruit," they say.

ROK Finance Ministry Personal Links Viewed as 'Impediment'

SK0506061296 Seoul THE KOREA TIMES in English 5 Jun 96 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Secret collusive ties between former government officials in the financial community and their juniors working for the government have emerged as a serious impediment to the nation's move toward freer and fuller financial liberalization.

Incumbent director general in charge of the treasury division at the Ministry of Finance and Economy Han Taek-su was arrested yesterday for receiving a kickback of 50 million won from a Korea Data System (KDS) executive.

The KDS executive sought Han's cooperation in having the company listed on the Korea Stock Exchange as soon as possible.

To do this, Han last year in June visited his former senior at the old Ministry of Finance and superintendent of the Securities Supervisory Board Paek Won-ku. Paek was unable to refuse the "suggestion" of Han, who he had once worked with, that KDS be given special treatment.

Thus KDS was given priority for listing on the exchange and its major shareholders pocketed huge amounts in windfall capital gains. This year the KDS executive gave 50 million won to Han, who delivered 10 million won to Paek. Han was scheduled to start work at Chongwadae as a presidential secretary for information and telecommunications this week.

The episode is regarded as representing just the tip of the iceberg of the behind-the-scenes illegalities and informal deals by incumbent MOFE officials and their seniors occupying major posts in financial firms and organizations. An analyst said the arrest of Han and SSB head Paek represents a crack in the once powerful MOFia (Ministry of Finance) network which has long controlled the Korean financial market. The Ministry of Finance was merged with the Economic Planning Board to create the MOFE in 1995.

Many MOFE directors-general, deputy and assistant ministers are offered work at financial firms and organizations in return for retiring to pave the way for promotion of their juniors.

In return, incumbent MOFE officials explicitly and implicitly support the' financial firms and organizations their former seniors are working with. At the same time, the MOFE old boys are ready to accept whatever solicitations and requests incumbent MOFE officials make.

Financial firms led by MOFE old boys are given invisible privileges in capital increases, branch network expansions and solutions to other technical problems hindering their smooth operation.

Thus in Korea, many financial firms think that it is advisable to retain ex-MOFE officials as auditors, executives and advisors to maintain a smooth and trouble-free relationship with the all-powerful MOFE.

Top posts in banking, securities and insurance supervisory organizations and other financial associations are all filled with ex-MOFE officials.

Heads of financial associations are messengers conveying the government's wishes and inclinations, rather than promoters of the interests and concerns of the associations' members.

Labor unions at financial firms in Korea frequently take issue with the monopoly that ex-MOFE figures enjoy of the managerial posts at their companies.

But this is the first time that prosecutors have taken criminal action against the long-established dealing by incumbent officials and MOFE old boys. It is the second time that an official.with a rank higher than director general from the Ministry of Finance and the Economic Planning Board has been arrested for bribery.

ROK: Yi Ki-taek, Hong Song-u To Duel in DP Leadership Election

SK2705015496 Seoul YONHAP in English 0123 GMT 27 May 96

[FBIS Transcribed Text] Seoul, May 27 (YONHAP) — The minor opposition Democratic Party [DP] will see a duel between Yi Ki-taek and Hong Song-u at the national convention slated for next week that will elect a new president.

Yi and Hong each held a press conference Monday [27 May] morning to announce their bid for the party's presidential election. After the conferences, they both registered their candidacy with the national convention committee.

At the national convention, 2,619 deputies of district chapters across the nation will select on the two party president.

The contest is expected to be close and the 30 to 40 middle-of-the-roaders are said to be the deciding factor, party sources said.

Yi, who represents the conservative force in the party, said he decided to run for the election to keep "the traditional opposition party" alive and viable.

"If elected, I'll reorganize the party and strive to unite all opposition forces for a power transfer after the coming presidential election," he added.

Hong, who champions the reformist force, pledged to give the party a new look as leader of the political reform movement which will gain momentum in the 1997 presidential election.

ROK: 'Physical Clash' Between Parties Feared for 15th Assembly

SK0306123696 Seoul YONHAP in English 1156 GMT 3 Jun 96

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — A physical clash between the ruling and opposition parties is feared to mar the inauguration of the new 15th National Assembly as last-minute negotiations among political parties for a floor schedule broke up Monday afternoon.

The ruling New Korea Party (NKP) decided that as the talks failed, there is no way but to open the new assembly on the legally set inauguration day Wednesday among NKP legislators alone if necessary.

But, the major opposition National Congress for New Politics (NCNP) is bent on blocking with force the unilateral inauguration.

A political source said that at the floor leaders meeting, NKP's So Chong-won offered that NKP Chairman Yi Hong-ku call on opposition parties as a goodwill gesture.

So's counterparts of NCNP and the United Liberal Democrats (ULD) flated [as received] rejected the idea, demanding that the ruling camp first accept the opposition demand.

NCNP demands that NKP make an apology over the recruitment of some independent and opposition solons, agree to form a special committee to look into alleged election irregularities, ensure the political neutrality of the prosecution and police, and guarantee genuine press freedom.

ROK: NKP To Open National Assembly Alone

SK0406025496 (Internet) The Digital Chosun Ilbo WWW in English 1207 GMT 3 Jun 96

[FBIS Transcribed Text] The New Korea Party [NKP] declared Monday [3 June], that the 15th session of the National Assembly will be opened as scheduled, even if their members are the only ones in attendance. Members of the opposing party, National Congress for New Politics, plan to physically prevent the session from proceeding, ensuring a strident clash between ruling and opposition forces.

High ranking officials within the New Korea Party declared that if a compromise cannot be reached to hold a joint opening of the National Assembly, the ruling party will proceed with the opening ceremony, as well as the designation of its chair and vice- chairperson. Meanwhile, the three opposition parties have scheduled a members meeting for Wednesday, at the National Assembly, to prepare for the unilateral opening of the Assembly by the Ruling Party.

ROK Parties 'at Loggerheads' Over Launching of 15th Assembly

SK0406034296 Seoul THE KOREA TIMES in English 4 Jun 96 p 1

[Report by staff reporter Kwon Tae-yong]

[FBIS Transcribed Text] With the legally-set opening of the new National Assembly only one day away, the ruling and opposition camps are still at loggerhead over the smooth launching of the 15th Assembly.

The ruling New Korea Party [NKP] showed its strong will yesterday to force through the opening of the Assembly even in the absence of opposition parties on the grounds that the opening tomorrow cannot be a subject of bargaining.

But the opposition parties are not letting up their political offensive on the NKP, demanding that it must apologize for recruiting independent and opposition lawmakers in its building up an Assembly majority and send them back to the parties they originally belonged to before the formal launching of the new Assembly.

They also called on the NKP to guarantee the revision of the current laws on elections and political funds as a legal device to guarantee a clean and fair presidential election next year.

However, taking advantage of the public's excitement over FIFA [Federation of International Football Association]'s decision to have Korea and Japan co-host the 2002 World Cup, the NKP is poised to open the Assembly unilaterally and elect the House Speaker and one of the two vice speakers even in the absence of the lawmakers from the opposition camp.

NKP Chairman Yi Hong-ku said, after meeting President Kim Yong- sam at Chongwadae [presidential offices], "The current law, which was the product of a compromise between the ruling and opposition camps, must be abided by for the development of the nation's democracy."

But Yi didn't fail to point out that negotiations and compromise will continue until the last minute for a normal opening of the Assembly.

NKP floor leader So Chong-won, before the informal meeting with his opposition counterparts yesterday, told reporters that the countdown has begun for the formal launching of the Assembly, indicating that the NKP is willing to do it alone even if it is in for public criticism.

The NKP said it has waited a sufficient time for the opposition regarding the House opening.

In appearance, the opposition camp, which has threatened to boycott the Assembly, as well as stage a series of outdoor rallies across the nation, refused to budge from its position.

Kim Tae-chung, leader of the main opposition National Congress for New Politics, said, "Unless the ruling camp guarantees that it will correct its wrongs for our entry into the Assembly, the new Assembly will be unproductive, marked by confrontations and confusion."

Kim Chong-pil, president of the United Liberal Democrats, repeated his claim that the opposition parties cannot join the Assembly inauguration under the current conditions. He urged the NKP to change its attitude, asserting that compromise is the flower of democracy.

Political observers argue that until one of the two sides shows a drastic change in its attitude, there is a slim chance of a smooth Assembly launch tomorrow.

But there is the likelihood that the opposition camp will take part in the opening ceremony and leave the National Assembly without taking part in the election of the speaker and vice speakers.

ROK Assembly Opens, Adjourns After 'Opposition Sabotage'

SK0506071296 Seoul YONHAP in English 0645 GMT 5 Jun 96

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — The 15th National Assembly was formally opened Wednesday [5 June] morning by the ruling New Korea Party (NKP) and independent lawmakers but was not able to elect a speaker or the two vice speakers due to opposition sabotage.

In the first plenary session of the new parliament held at 11:35 under the majority-miniority agreement, Rep Kim Ho-nam of the minor opposition United Liberal Democrats (ULD) acted as chairman because he is the oldest member of the new parliament.

The parliament law provides that the oldest member of a new National Assembly shall act as chairman of its first plenary session.

Acting Chairman Kim introduced a motion for the election of speaker and vice speakers but declared the meeting adjourned until next Wednesday without taking action on the motion.

Kim reasoned that because the majority and minority parties failed to agree on how to deal with the motion, there would be a physical clash between the two camps if the elections were pushed ahead with.

The NKP wanted to elect Rep. Kim Su-han speaker and Rep. O Se-ung vice speaker representing it.

The major opposition National Congress for New Politics joined the ULD in opposing the majority party's plan to form the new parliament by electing its speaker and vice speakers in the meeting, demanding that the NKP apologize to the people for recruiting independent and Democratic Party lawmakers to form a parliamentary majority, among other things.

In the April general elections, the NKP failed to win a majority of the 299-seat unicameral house seat, with only 139 successful candidates. It subsequently recruited 12 independent and Democratic Party lawmakers-elect.

ROK: Kim Yong-sam Names National Assembly Speaker, Vice Speaker

SK0406021496 Seoul YONHAP in English 0120 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — Kim Su-han of the ruling New Korea Party (NKP) was nominated National Assembly [speaker] Tuesday by President Kim Yong-sam.

President Kim, who heads the ruling party, also named O Se-ung vice National Assembly speaker, NKP spokesman Kim Chol announced.

A native of Taegu, the House Speaker-nominee Kim, 68, has been elected to parliament six times and has served as spokesman and senior member of opposition parties before joining the ruling party in 1990. He was elected a National Assembly lawmaker on the ruling party's national representation ticket in the general elections held last April.

Vice Speaker-nominee O, 63, is a seven-term legislator and formerly served as state minister for political affairs and National Assembly Culture-Information Committee chairman.

Elected from Pundang electoral district in Songnam, Kyonggi Province, O graduated from Yonsei University and studied at American University in the United States.

The ruling party plans to convene a special parliamentary session Wednesday to elect the nominated house speaker and vice speaker, even though the opposition parties will not participate in the house meeting.

The opposition National Congress for New Politics and the United Liberal Democrats are still threatening to boycott the house session in protest of the government and NKP's recruitment of independent lawmakers-elect to secure a majority in the National Assembly.

ROK: Seoul Unveils Three-Stage Plan To Foster Financial Industry

SK2105021696 Seoul THE KOREA TIMES in English 21 May 96 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The government yesterday unveiled a three-stage plan to foster the Korean financial industry as a high value-added strategic sector during the next 25 years.

Despite the ambitious schedule, it made clear it had no plans to open the bond and money markets full-scale at least before the year 2001.

It said only after 2001, Seoul will remove controls on deposits and investment in real estate overseas by Koreans.

The report also fails to mention how regulators will allow the change in the ownership structure of the Korean financial institutions. It is also ambiguous on whether the current policy of separating industry from finance will be maintained or not.

The 25-year plan, proposed by the Korea Institute of Finance (KIF) after a close consultation with the government, highlights that Korea will adopt the universal banking system on a gradual basis after 2001. Either through subsidiaries, holding companies or under their own roof, banks, securities, insurance and other financial companies will be able to muscle into each other's territory. This means that Korea will scrap the current division of labor among financial firms, allowing financial firms to provide all types of financial services under one roof.

As a step toward the European-style universal banking system and away from the current American-style compartmentalized financial system, a limited number of banks will be allowed to enter the bond underwriting business, an area long monopolized by securities companies. In return, securities firms will be able to borrow foreign currency overseas on their own, expand the range of foreign exchange services and join in the inter-bank on-line electronic network, an area available only to banks. Banks will be able to join hands with securities and insurance firms to develop hybrid financial products from next year.

High walls between lending-only financial firms such as merchant banks, venture capital, leasing and credit card firms will be torn down, the report said, allowing them to handle these financial services under one roof.

The plan calls for the gradual elimination of the remaining preferential policy-based loans before 2000. It also proposed scrapping the rule asking banks to extend a specific amount of loans to small and medium-sized enterprises by the year 2000. It also calls for encouraging financial firms to become bigger and bigger through mergers or business conversions and set up a transparent guideline on the entry and exit of financial firms.

The paper calls for completely removing all controls on capital flows linked to current account transactions, capital outflows and overseas capital raising by enterprises by 1997. It said the government will continue to expand the opening of the bond market and the financial industry through 1999. It predicted that the wide interest rate gap between home and abroad, one of the major stumbling blocks to a full-scale opening of the domestic bond and money markets, will reach an equilibrium around 2005.

KIF President Pak Yong-chol yesterday presided over a public hearing to finalize the 25-year financial industry development plan, which will be integrated as part of the nation's 25-year long-term development plan.

Since September last year, 29 government officials, economists and corporate executives participated in drafting the long-term plan before putting it on a public hearing yesterday.

It categorized the year 1996-2000 as a preparation period, 2001-2010 as a take-off period, and the year after 2020 as a maturing stage to make the financial sector a high value-added strategic sector. The plan, dubbed Finance Vision 2020, envisages that Korea will emerge as a major financial center in East Asia in 2001-2010.

The government said it will make Korea's controlled, segmented and isolated financial industry one of the high value-added strategic sectors in the 21st century. However, it did not present a road map to make local financial firms internationally competitive players on a par with Citibank and other multilateral giants. It is not clear how many Korean banks will be among the top 100 players in the world by the target year.

It has not attempted to diagnose the current international standing of Korean financial firms and predict how these Korean players will emerge as global players, critics said.

Before this century, provincial banks will no longer face geographical barriers in doing business and opening retail networks, it said. Seoul will complete interest rate liberalization and adopt a full conversion of the won currency before the year 2000.

The report accented the need for securities and insurance companies to expand the scope of business they can handle. However, it has not definitely concluded whether securities firms should handle credit card, leasing, investment information sales, management consulting and computer software through subsidiaries.

ROK: Industry Minister Comments on Deregulation Efforts

SK2205014496 Seoul THE KOREA TIMES in English 22 May 96 p 8

[FBIS Transcribed Text] The government will continue to push deregulation by eliminating administrative guidance and clarifying ambiguous regulations for greater transparency, the nation's top industry policymaker said yesterday.

In a meeting with foreign correspondents, Trade, Industry and Energy Minister Pak Chae-yun said the government set out in 1993 to realize a high level of deregulation under its new economic plan.

Today, three years later, 1,759 regulations, or 90 percent of a total of 1,970, have been acted on and the government is working on enhancing the transparency of 2,700 economic administrative regulations.

"Even in areas where rules are required, direct regulations will be converted into indirect regulations and pre-approval regulations to performance-oriented ones," he told foreign correspondents at the Press Center.

Touching on trade issues, Pak noted that while exports had increased at a faster rate than imports, the trade deficit in the first four months of the year reached 5.85 billion dollars, closing in on the projected figure of 7 billion dollars for the whole of the year.

Although the deficit results from the large import bill for capital goods, he said, the government plans to foster the development of industries producing machinery, components and industrial raw materials.

Along these lines, Korea is continuing its efforts to attract foreign investment to compensate for the lack of technology in critical industrial sectors, he said.

On trade with North Korea, Pak noted that the exchange of goods between the two Koreas reached 310 million dollars last year. "However, a rapid increase in trade with the North will be difficult if its foreign currency situation and the lack of direct trade channels are not solved."

On the other hand, Pak explained that an increasing number of South Korean companies are seeking to initiate businesses in the North and that Daewoo, for example, is already producing light industrial goods in Nampo .

Overall, he said, the domestic industry remains relatively healthy with projected economic expansion of 7-7.5 percent this year. Furthermore, Pak added, wage negotiations are proceeding smoothly in most industries in an atmosphere of labor peace.

ROK: KOTRA To Expand Overseas Trade Centers

SK2205111996 Seoul YONHAP in English 0713 GMT 22 May 96

[FBIS Transcribed Text] Seoul, May 22 (YONHAP) — The Trade-Investment Promotion Agency (KOTRA) has decided to expand the number of its overseas trade centers from the current 82 in 64 nations to 172 in 101 countries by the year 1999, and are going to establish an international trade-investment academy sometime this year.

KOTRA President Kim Un-sang disclosed the revamping plan at a news conference Wednesday [22 May].

Kim explained that, "We've begun reorganizing KOTRA in an attempt to help domestic overseas businesses advance and invest efficiently by reducing trade networks in advanced nations, and instead focus on expanding into emerging Third World markets, where it is difficult for small companies to do business."

The KOTRA leader also revealed that his agency will quickly provide the market and sales network information needed by small businesses in cooperation with the Korea Federation of Small Businesses (KFSB), and allow small companies to use KOTRA's overseas trade centers as their local affiliates.

The 172 trade centers will be subdivided into eight regional headquarters, 53 hubs and 111 spokes, according to the president.

Regional headquarters will be in charge of analyzing regional information, establishing strategies and conducting various business projects, which have so far been handled by the state-run company's main office, Kim explained, adding that a new regional headquarters will be established in China this year.

Hubs will be located primarily in developing nations and the former Soviet Union and will oversee the neighboring one-person trade center spokes and collect on-spot information.

The spokes will, in turn, gather information on products, investment, business opportunities and sales, Kim noted.

KOTRA is also going to expand the number of trade officials from the current 57 to 71 by the year 1999 to assist local autonomous governments with overseas trade, the president said.

KOTRA plans to upgrade the academy to an international trade- investment graduate school in 1998, according to the president.

ROK Government Announces Securities Industry Globalization Plan

SK2205121796 Seoul YONHAP in English 1145 GMT 22 May 96

[FBIS Transcribed Text] Seoul, May 22 (YONHAP) — Beginning in next January, foreign corporations will be allowed to have a stake of up to 50 percent in domestic securities companies, investment trust companies and investment advisory companies.

At present, they can have a stake of up to 10 percent in these companies.

Under the securities industry globalization plan announced by the Finance and Economy Ministry Wednesday [22 May], the ceiling on foreign investment in domestic brokerage houses will be removed altogether in December 1998, paving the way to a foreign company's friendly takeover of a domestic brokerage house through merger and acquisition (M&A).

The plan was a follow-up to the plans already announced which call for removal of the ceilings on foreign investment in investment trust companies in December 1997 and in investment advisory companies in December 1998.

Approval procedures for the presence in the country of foreign securities firms and investment trust companies will be improved to international standards.

And beginning in next January, foreign brokerage houses may open a representative office in the country with registration only, and without application for approval.

The requirement for opening a representative office one year prior to opening a branch will be scrapped in January 1997 for foreign investment advisory companies and in December 1998 for foreign investment trust companies.

And in December 1998, foreign investment advisory companies may start providing advisory services to South Korean investors without maintaining a branch or a joint-venture firm in the country.

At present, they are required to maintain such presence in the country to provide the services.

ROK Article Views Changes in Corporate Culture

SK2305033296 Seoul THE KOREA TIMES in English 23 May 96 p 8

[Report by staff reporter Choe Yong-sik]

[FBIS Transcribed Text] An eye-opening change is taking place in the Korean business culture.

However, it is far more than just the introduction of flexible work hours, early retirement programs, merit-based promotion and abandoning permanent employment in large companies.

Some Korean companies are bringing in "softer" reform programs and "more speedy" management styles to the already-changing business culture.

Some progressive firms are getting rid of everything that they once thought indispensable; from paper-work, chairs, alcohol, manuals, cigarettes, dress codes to offices.

Executives of Cheil Synthetics go to the board meeting with their notebook computers to brief board members on their business performance and record information they acquired at the meeting.

The introduction of a computer network within the company is helping a paperless company. In addition, bottom-up suggestions to the top management are made possible, and overlapping bureaucracy is not a daily necessity you must go through at work.

The increasing number of female workers at work sites, however, has helped create a "sober" environment where it is not a must to go drinking after work for fun or business purposes. Business deals on the basis of bottom-line considerations will also cut down unnecessary bills.

The quota system in employing female civil servants has also helped promote female counterparts in private companies, and vice versa. "Company flowers" is no longer a proper term. In cases like Hwajin Cosmetics, not to speak of some "female-only" companies, female employees and managers, consisting of more than 80 percent of the total employment, make up the most important part of the business.

LG Group executives are "corresponding" with their offices and working out in their car. Instead of reporting to the office, they handle business affairs "on the road," visiting clients and remaining just a phone call away.

At the Sachon factory of Samsung Aerospace in Kyongsangnam-to assembly line workers stand during their daily meetings for 10 minutes before they begin work. Even though this is symbolic in a way, company executives hope that it will help eliminate needless formalities-at work.

Signs of progress are abundant. "Saturday dressing down" has become a fad in many companies, while the issue of the 5-day work week is now a popular subject of debate in the Korean corporate community.

Korean companies have been usually regarded as some of the most rigid organizations with a solid hierarchy in place, reflecting the male-dominant patriarchal society. Seniors have trained juniors like apprentices, passing on time-honored skills. The Korean corporate tradition, which has worked fantastically for decades, will not simply disappear overnight.

But the dramatic change is taking root as more and more Korean firms are trying out more modern approaches in corporate Korea.

ROK Editorial Notes 'Structural Problems' of Security Board

SK0406032596 (Internet) The Digital Chosun Ilbo WWW in English 1203 GMT 3 Jun 96

[Editorial: "The Security Inspection Board's Food Chain"]

[FBIS Transcribed Text] With the sudden arrest of Chief of the Security Inspection Board, Paek Won-ku, problems between securities companies and the Inspection Board, and structural problems within the Board itself, have come to light. At the forefront of the issue is the enormous amount of power the Board wields, which has risen with increases of investment in the capital market by various companies.

While many would like to start business ventures which would increase their capital, they are restricted by measures to stabilize the securities market. It is only natural to assume, then, that companies have lobbied the Security Inspections Board heavily, as it has the final say in which businesses can be listed on the stock market. The Board also has the authority to set initial stock prices, which, of course, the companies would prefer to be high.

To give one an idea of what opportunities the Inspections Board may have in these power games at present: There are approximately 300 companies which would like to be listed on the stock market. In addition the Board also oversees takeovers, mergers, and must investigate illegal deals in stocks. It is high time, then, that the Inspections Board undergo improvements.

First of all, the Security Inspection Board should not control entrance into the market of listed stocks by businesses, nor should it set initial stock prices forever. If liberalization proves too difficult for the Board, then perhaps a private organization, like the Security Business Association, should be brought in. The procedure for allowing business takeovers and mergers should also be more objective.

If inspections themselves cannot be carried out properly, then this can only damage the credibility of the investigator and the company in question. Thus, it is necessary that we devise a reasonable and appropriate plan for improvement.

ROK: Domestic Steelmakers Record 100 Percent Profit Increase

SK0606045396 Seoul THE KOREA TIMES in English 6 Jun 96 p 8

[FBIS Transcribed Text] Domestic steelmakers last year recorded more than a 100 percent increase in profits.

According to the Korea Steel Association yesterday, the total sales amount of the leading 32 steel companies reached the level of 18.01 trillion won last year, an increase of 15.3 percent from the previous year.

Their domestic sales amounted to 14.16 trillion won, up 16.7 percent, while their exports increased by 10.2 percent at 3.84 trillion won, the organization said, revealing an outcome of a survey conducted on 32 companies.

Their total account profit amounted to 1.815 trillion won, an increase of 107.7 percent compared to the year before.

Meanwhile, the 48 leading steel companies in Japan are expected to sell 9.49 trillion yen worth of steel products, marking 236.5 billion yen in net profit, according to the organization.

ROK Minister Stresses Need To Reduce Current-Account Deficit

SK2705041896 Seoul YONHAP in English 0256 GMT 27 May 96

[FBIS Transcribed Text] Seoul, May 27 (YONHAP) — Finance and Economy Minister Na Ung-pae stressed Monday [27 May] that decreasing the current-account deficit is the most pressing task facing the government.

Speaking at a ministry staff meeting, the chief economic policymaker said the government must direct all efforts to improving the balance of curent accounts.

Dealing with the ever-swelling current-account deficit is the most formidable problem, as the growth and anti-inflation goals set for this year are attainable in view of the present trends of business activities and prices, he added.

Emerging from the meeting, an official said the minister had once again stressed the need for efforts to lower the current-account deficit in view of the fact that President Kim Yong-sam took issue of economic ministries' attitudes toward the pending economic problems late last week.

The differences with the Trade, Industry and Energy Ministry [MOTIE] in handling the increasing current-account deficit will be settled through discussions, he added.

While the Finance and Economy Ministry [MFE] favors a long-term policy to increase the economy's international competitiveness, which puts less stress on foreign exchange rates than on expansion of infrastructure, the Trade, Industry and Energy Ministry calls for stability in the value of the won vis-a-vis foreign currencies.

ROK Ministry Notes Rise in Telecommunications Imports

SK0506053296 Seoul THE KOREA TIMES in English 6 Jun 96 p 8

[FBIS Transcribed Text] The importing of telecommunications devices, including cellular phones and trunked radio system terminals, from Southeast Asia and other Asian countries is increasing at a rapid pace.

The Ministry of Trade, Industry and Energy [MOTIE] said yesterday that these imported devices, in addition to personal computers, reached $1.09 billion in January-May of this year, up 44 percent compared to the same period of last year.

The total volume of inbound shipments is 29.1 percent of the total imported equipment of last year, higher than the 23.5 percent of 1994 and 22.2 percent of 1993, ministry officials said.

In the case of personal computers, the amount of imports represented 70.3 percent of all inbound shipments for last year, up sharply from the 56 and 53 percent of the two previous years.

Of the imported personal computers worth $879 million, 80 percent were from Singapore and Taiwan, indicating the increasing competitiveness of items from the two economically powerful countries.

In the area of telecommunications devices, the import of TRS terminals and call-only mobile units reached $170 million, accounting for 13.8 percent of all such inbound shipments.

In particular, imported cellular phones from China, Malaysia and Singapore was 85 percent of all such products from Southeast Asia and other Asian countries in the vicinity.

One ministry official said, "The sudden increase in the importing of these products from the region is indicative of the rapid pace at which Japanese companies are manufacturing there."

He also noted that the trend is especially of concern since Korea is scheduled to initiate another round of import liberalization measures for Japanese made goods in the second hand of this year. The ministry official said MOTIE will draft a comparative price list for related products to help Korean companies establish competitive pricing for their products for both local and foreign markets.

ROK Editorial Notes Attitude Change on Student Demonstrations

SK0506051096 (Internet) The Digital Chosun Ilbo WWW in English 1208 GMT 5 Jun 96

[Editorial: "No More Violent Demonstrations"]

[FBIS Transcribed Text] The latest issues of student papers at Sogang University and Hong-ik University show that the environment of college campuses has changed. Not only are most students critical of violent demonstrations, but traditionally radical campus newspapers are moving towards a more moderate stance.

In the May 29 issue of Sogang University's student newspaper, a reported 58.3 percent of students surveyed were opposed to violent demonstrations, asserting that activists needed to change their tactics. Leaders of such groups should take heed, lest they find themselves in opposition to the majority of students they supposedly represent.

In the May 13 issue of the Hong-ik University student paper, 80.3 percent of those surveyed were critical of violent student activities. In addition, 80 percent of respondents maintained that student activities should center around social reform or democratization rather than radical revolutions. Should these groups change their strategies to non-violent ones, group leaders would have more support and garner less criticism from citizens.

Unfortunately, there are no such reforms occurring in actuality. On June 3, students demonstrating in front of Choongang University hurled 200 Molotov cocktails towards police lines, some of which landed at nearby restaurants, causing fires.

Of course, the authorities should change their tactics as well. The police constantly threaten to halt illegal demonstrations before they start, or to arrest any participants in firebombings, but this is merely lip-service. Rather than using effective counter-offensive measures, the police reaction is generally one of defensiveness. The police have no justification for such a show of weakness, but rather, should present a stern demeanor, tracking down and arresting firebombers, as they have promised.

ROK: Twelve Leaders of Three 'Leftist' Groups Arrested

SK0606043196 (Internet) The Digital Chosun Ilbo WWW in English 1202 GMT 5 Jun 96

[FBIS Transcribed Text] The National Police Office announced Wednesday [5 June] that 12 leaders of three leftist groups were arrested under suspicion of violating national security laws. According to the police, Kim Yong-pok, leader of the Liberated Labor Unification Front; Yun Chong-kuk, leader of Sanomaeng's Yongnam Area Preparation Committee; and So Hyong-chun, chairperson of the Nation Loving Youth Group; along with nine others were arrested for allegedly distributing leaflets on campuses and in industry complexes, and for allegedly participating in violent demonstrations for the implementation of a labor-oriented socialist country based on Marxist and Leninist principles.

ROK: Administration To Ban Extracurricular Tutoring

SK2805054296 Seoul THE KOREA HERALD in English 28 May 96 p 2

[FBIS Transcribed Text] The administration and its party agreed yesterday to ban private lessons for students and incorporate kindergartens into the formal education system.

The agreement was made at a meeting of ranking administration and party officials, including Prime Minister Yi Su-song and Yi Hong-ku, chairman of the ruling New Korea Party.

Prime Minister Yi was quoted as saying that it is necessary to ban private lessons for students when he was asked by a ruling party official what can be done to reduce the financial burden of parents.

According to figures available at the Ministry of Education, 17.5 trillion won was spent on private tutoring or extracurricular lessons at private institutes in 1994. The lion's share of the expenditures was assumed to have been paid by parents for their children.

Prime Minister Yi also said he personally endorses a proposal that kindergartens be incorporated into the nation's formal educational system.

The administration-ruling party meeting dealt with other issues.

ROK: Provincial Cities Compete To Host 'Multimedia City'

SK2305034896 Seoul THE KOREA HERALD in English 23 May 96 p 8

[FBIS Transcribed Text] A dozen provincial governments are fighting to host the so-called "multimedia city" envisioned by the Ministry of Information and Communication (MIC) and the Federation of Korean Industries (FKI).

The MIC and the FKI announced plans late last year to build a comprehensive complex near Seoul that would house software, electronics and computer manufacturing plants, and information and telecommunications research centers. The project was estimated to cost 800 billion won by the year 2000.

In a policy directive unveiled early this year, the MIC vowed to complete site selection by the end of 1996 and to begin construction of the complex next year. The FKI also expressed its willingness to develop the proposed multimedia city into a Korean version of "Silicon Valley."

Since Chunchon of Kangwon Province declared its intention to host the multimedia complex early this year, a total of 11 other municipal and county governments jumped into the competition. The contending cities and counties include Inchon; Taejon; Kwangju; Chongju and Chungju, both of North Chungchong Province; Kumi of North Kyongsang Province, Asan of South Chungchong Province, and Kyonggi Province's Puchon, Yongin, Hwasong and Ansong.

Chunchon has shown a great deal of enthusiasm by recently forming a sister-hood tie with Sunny Veil, located within the United States' Silicon Valley region, and agreeing to an exchange multimedia technologies.

Inchon cites easy access to the proposed 18.55-million-sq.-meter Songdo New City and Inchon International Airport as a strong point for its hosting of the multimedia city.

Taejon insists that the new multimedia city be set up near the Taedok Science Town to maximize the industrial synergy effect, while Kwangju expresses a strong desire to host the city by calling for balanced development among the provincial regions.

Chongju claims that the 9.59-million-sq.-meter 'Chongju Technoville" has the most ideal conditions to host the multimedia city for reasons of geography, in particular.

Kumi stresses the fact that it is the home to hundreds of state-of-the-art industrial manufacturing facilities in the fields of electronics, telecommunications and semiconductors.

ROK Government To Do Away With Birth Control Policy

SK0506051696 Seoul THE KOREA TIMES in English 5 Jun 96 p 3

[FBIS Transcribed Text] The government intends to do away with its birth control policy, the pillar of its population program for three decades.

The program will be refocused on improvements in the population structure to cope with the increase in the number of senior citizens and the disparity in the male-to-female ratio.

Accordingly, a host of practical measures taken to curb population will be virtually lifted, for example, the denial of medical insurance coverage to third-and later-born children and the priority enjoyed by sterilized people in lotteries for apartment flats.

These are part of the "new policy on population" which Health-Welfare Minister Kim Yang-pae reported to President Kim Yong-sam at a Cabinet meeting held at Chongwadae [presidential offices] yesterday.

The epoch-making facelift in the population program comes in the wake of a widespread social preference for small families in the last couple of decades.

Korean women of fertile age had an average six children when the government adopted the birth control policy in 1961. At the end of 1995, they delivered 1.7 babies on the average.

Since the country is encountered with a shortage of industrial labor, a growth in the number of senior citizens and a disparity in the ratios between the male and female populations, the government has decided to shift the focus from quantity to quality in the population program.

Thus, equal treatment will be given to third and later children and they will get the same rights to scholarship grants as first and second babies under the new measure envisioned by the ministry.

In the meantime, all new born babies will be tested for metabolic dysfunction at government expense. So far, some 70,000 babies born to low-income families exclusively have been tested to detect abnormalcy at an early stage, allowing prevention of retardation by giving them processed according to a special formula. [as published]

From now on, public health clinics throughout the country will diversify their services to cover the diagnosis and the treatment of infertility and uterine cancer and artificial abortion, if necessary, and to crack down on fetal gender tests in a step to prevent female fetuses from being terminated.

ROK: Kim Yong-sam Attends Ceremony Marking First Environment Day

SK0506043396 Seoul YONHAP in English 0300 GMT 5 Jun 96

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — President Kim Yong-sam on Wednesday [5 June] pledged the government's active participation in international efforts to preserve the environment.

"The government will actively participate in and contribute to the global village's efforts to restore balance between civilization and the environment," the chief executive said. "With that goal in mind, we plan to host World Environment Day events next year."

Addressing a ceremony commemorating the nation's first Environment Day, Kim also called upon the general public to make a concerted effort "with extraordinary determination" to resolve environmental issues. "Unless we all change our ways of thinking and modes of life, no environmental issue can be resolved," he stressed.

The ceremony at the Sejong Culture Center was attended by approximately 4,000 citizens and government officials.

With regard to adopting future policies, Kim said, the government will make it a top priority to assess whether or not they environmentally sound and if they guarantee sustained development. "The government will take the lead in using products that save energy and resources and least affect the environment," the president said.

The ecological environment will be taken into account from the very earliest stage of drafting a plan for all projects undertaken by the government, Kim added.

At the ceremony, Kim presented a personal computer to Yi Wan, 14, an eighth grader at Hupyong Middle School, Chonchon, winner of the United Nations Environment Program's international environment prize in the youth category.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Vietnamese Refugees Signed Up for Third Countries

BK0506120496 Kuala Lumpur NEW STRAITS TIMES in English 4 Jun 96 p 8

[FBIS Transcribed Excerpt] Genting Highlands, Mon. — About 100 of the remaining 580 Vietnamese illegal immigrants from the Sungai Besi camp in Kuala Lumpur who had signed up under the United Nations High Commissioner for Refugees [UNHCR] voluntary repatriation programme, will be sent to third countries.

National Task Force VII (Vietnamese Refugees) commander Laksamana Muda [Rear Admiral] Datuk Ya'acob Daud said today the UNHCR would bear the cost of repatriating the 100, who would be sent to the United States, Canada, Australia, Norway, and Japan.

Among the criteria for selection to be repatriated to third countries is a high standard of health," he said.

Ya'acob said this at the opening of the three-day surface warfare seminar for Royal Malaysian Navy officers at the Genting View Resort.

He expected the Vietnamese boat people episode in Malaysia to come to an end by the end of the month when all the remaining refugees are sent home. [passage omitted]

Malaysia: Minister Urges Diplomacy, Dialogues in Asia-Pacific

BK0606104796 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 6 Jun 96

[FBIS Transcribed Text] Foreign Minister Datuk Abdullah Badawi has called on Asia-Pacific countries to resort to diplomacy and dialogues to solve issues which cause anxiety in the region. If they fail to do so, there will be tension.

Speaking to reporters in Kuala Lumpur this morning, Datuk Abdullah said diplomacy should be used to deal with overlapping claims in the South China Sea, Taiwan Straits, and the Korean peninsula. Diplomacy must be used to ensure cordial ties among nations.

[Begin Badawi recording] Relations must be based on the principles of mutual respect, noninterference in other countries' domestic affairs, and not resorting to actions that may cause tension. [end recording]

The foreign minister said such principles must be adopted to deal with overlapping claims as cited in the Declaration of Friendship and Cooperation in Bandung as well as the 1967 Bangkok Declaration. Datuk Abdullah said these declarations can safeguard regional security and preempt the use of military force. He also criticized the improper implementation of the ASEAN Regional Forum and APEC. Earlier, he opened the 10th Asia-Pacific Round-Table meeting in Kuala Lumpur.

Malaysia: New Trade Accord With Australia Detailed

BK0606090996 Kuala Lumpur THE STAR in English 6 Jun 96

[BERNAMA report — received via Internet]

[FBIS Transcribed Text] Canberra — Malaysia and Australia yesterday signed a new trade agreement which seeks to deepen bilateral commercial relations and promote collaboration in industry, science, technology, trade and investment. The agreement, due to come into effect on January 1, 1998 to replace the existing one signed 38 years ago, was signed by International Trade and Industry Minister Datuk Sri Rafidah Aziz and Australian Trade Minister Tim Fischer at Parliament House here. The two countries pledged to collaborate in the automotive and building sectors, and to discuss prospects for further liberalisation of their service sectors.

At their talks here earlier, the ministers noted that the Seventh Malaysia Plan would provide opportunities for Australian investors and exporters to be involved in a number of major infrastructure projects and privatisation plans in Malaysia.

At the joint news conference, Rafidah said the new agreement would provide a conducive business environment for both countries, and encourage cross-flow of investments in technologies and expertise in the context of current and future regional and global developments.

"More importantly, it will effect and forge the kind of business linkages that would enable both countries to work together in terms of resources, experience and expertise," she said.

Rafidah, who urged Australian companies to develop joint ventures with Malaysians to form an effective conduit to tackle the world markets, said she had held fruitful discussions with representatives from the various Australian business sectors who had aired their problems.

She promised to resolve their difficulties and iron out any problems regarding bilateral trade.

Fischer, who is also Deputy Prime Minister, said the new agreement would place strong focus on new areas of trade such as small and medium-scale enterprises, investments and industrial collaborations.

He said companies from both countries could work together and build partnerships to invest in China, India and other countries with packages that would succeed.

The ministers earlier discussed co-operation between their respective private sectors in the development of the Mekong Basin and other markets.

Rafidah had an unscheduled meeting with Prime Minister John Howard, and also met Foreign Minister Alexander Downer, Primary Industries and Energy Minister John Anderson and Science and Technology Minister Peter McGaran.

Malaysia: Foreign Minister Attends Border Cooperation Meeting

BK3105142996 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 31 May 96

[FBIS Translated Text] Malaysia will provide economic assistance and training programs to Islamic communities in the southern Philippines under an agreement reached at a meeting of the Malaysia-Philippine Joint Border Cooperation Committee in Manila. Foreign Minister Abdullah Ahmad Badawi said Malaysia will initially help establish an Islamic banking system and an agency similar to the Malaysian Hajj Pilgrimage Fund. Datuk Abdullah, who is attending the two-day meeting along with his Philippine counterpart Domingo Siazon, said Malaysia's planned assistance will mean a lot to Islamic communities in helping them develop their areas.

Malaysia: Ministry To Investigate Low-Flying Singapore Jet Fighters

BK0606102396 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 6 Jun 96

[FBIS Transcribed Text] The Defense Ministry will investigate the loud noise caused by low-flying Singapore Air Force jet fighters flying over Johor. Defense minister Datuk Syed Hamid Albar said he would hold talks with his Singapore counterpart should the loud noise affect local residents.

He was responding to a report in a local daily that Singapore Air Force jet fighters have been flying low over Pendas Laut village in Johor during their aerial exercises. He said that his ministry would investigate the issue from different aspects as it affects local residents' interests. Investigations will be carried out by examining the flights' logging system. A bilateral agreement stipulates that jet fighters are allowed to fly between 2,000 and 3,000 feet during their exercises.

Singapore

Singapore: Taiwan Trade Delegation Arrives 5 Jun

OW0506162596 (Internet) Taiwan Central News Agency WWW in English 1504 GMT 5 Jun 96

[By K.L. Yang and Lilian Wu]

[FBIS Transcribed Text] Singapore, June 5 (CNA) — A Taiwan trade delegation arrived in Singapore Wednesday [5 June] on the first leg of a week-long three-nation trade promotion tour of Southeast Asia.

Johnny Ni, director-general of the Medium and Small Business Administration of the Ministry of Economic Affairs, is leading the delegation. He said that small and medium enterprises have complied with government policy to promote overseas markets to promote Taiwan's economic growth.

The 20-member delegation called on the ROC [Republic of China] Representative Office and was briefed by Singapore officials on the country's economic development.

Taipei Representative to Singapore Cheyne Chiu said that small and medium businesses have contributed a lot to the economic development of the ROC and acted as the driving force behind efforts to tap overseas markets. In line with the government's "Southern Strategy" policy, those companies investing in Southeast Asia have been mostly been small and medium enterprises.

Taiwan has so far invested US$28 billion in the region, Chiu added.

Ni said that the delegation will try to learn more about Singapore's labor force, land costs, and investment environment during the trip, and seek further opportunities for cooperation.

The delegation will also visit Malaysia and Indonesia before returning to Taipei Tuesday.

Cambodia

Cambodia: 'Commentary' Urges U.S. To Reexamine Aid Cut Threats

BK0606070596 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 5 Jun 96

[Political commentary: "It Should Be Examined More Closely"]

[FBIS Translated Text] According to a 3 June CAMBODIA DAILY report, Kent Wiedemann, U.S. deputy assistant secretary of state for aid to the Asia-Pacific region, made a statement at his meeting with the press and Cambodian affairs experts in Washington last Friday morning, 31 May, saying that he was deeply concerned about the Cambodian situation. He went on to say that as long as the Royal Government continued to respect human rights and the democratic process, the United States would support it, give it economic aid, and seek to establish normal trade relations with it. This U.S. deputy assistant secretary of state also said a few weeks ago that U.S. aid could be suspended if Cambodia did not respect democracy and the freedom of expression.

Our people would like to express gratitude to the United States for paying attention to the Kingdom of Cambodia. At the same time, our people throughout the country would be greatly distressed should the Clinton administration decide to disrupt aid to Cambodia at the instigation of certain brutes who have been distorting realities in this country.

It is true that giving or cutting aid is the right of the aid donor. Millions of Cambodians, however, must not be held hostage to democracy and human rights. Like other signatories of the 1991 Paris Agreement on Cambodia, the United States is duty-bound to implement the stipulations in the annexes on the rehabilitation and development of Cambodia. In addition, it should be understood that Cambodia has just emerged from more than two decades of war, and the restoration of democracy in Cambodia is only at its nascent stage because it is barely three years old. Having said this, how can one force a three-year-old child to think and behave like an adult? This cannot be done no matter how good the teacher is. What one must do it is to continue nurturing and fostering the child so that he will grow up and become able to shoulder the burden in a manner expected of a grown-up.

Likewise, however hard the Royal Government might have tried, the state of democracy and human rights in Cambodia over the past three years has remained incomparable to and dissimilar from that in the United States, which is hundreds of years old.

In his address to the sixth session of the First National Assembly, acting head of state Samdech Chea Sim maintained that during nearly three years of hard work in strong national unity under the warm protection of His Majesty King Norodom Sihanouk and Her Majesty the venerated queen, our people congregated as a single body and resolutely determined to share weal and woe with one another and have overcome all new tests and trials in national defense and reconstruction. Our National Assembly, Royal Government, and people have made persistent and dynamic efforts with a great sense of responsibility and many lofty and priceless sacrifices in order to guarantee the motherland's future and enable the lives in our country to proceed in normalcy and to advance on all fronts.

The Royal Government has displayed a great effort, patience, and tenacity in bringing about national reconciliation and has taken concrete measures to restructure the administration and national armed forces with the goal of setting up a neutral and efficient administrative mechanism. Free-market economic development has been launched along with a campaign to attract foreign capital investment so as to enable the country's economic, financial, political, and social situation to make headway in a correct direction with an eye to letting the superior interests of the people come first. The policy of national reconciliation has been implemented step-by-step. As one of its excellent and concrete results, thousands of compatriots who served in the ranks of the Khmer Rouge rebels have been convinced to return to the national community. New Cambodia's much expanded relations with foreign countries have won it greater sympathy and support and have bonded it with the rest of the region and the world.

True, difficulties still abound, but we have also made many new fundamental achievements that are leading us toward greater development. Under the current trying circumstances, no choice is better than to carry on the sense of coexistence, understanding, tolerance, and close cooperation with one another. The continuity of political stability and development is very valuable to our country. Although the 1998 election constitutes the top priority of all political parties, we must not consider the current moment as the starting point for splits, threats, bickering, confrontations, and other violent acts against civilized liberal democratic practices.

On the contrary, each of us must continue to contribute to the efforts that will steadily motivate national reconciliation, liberal democracy, pluralism, and respect for human rights in the country. No matter what obstacles we encounter, we must resolutely join hands in fighting them so as to prevent the reversal of this process just because of the deficiency of mercy, effort, constructive spirit, national unity, and mutual understanding and tolerance.

These are Cambodia's concrete realities, to which the examples of no other countries are applicable. Cambodia is different from the United States. Therefore, the implementation of democracy and human rights should also be measured with a different yardstick. His Majesty the King used to say that one should not try to compare something that cannot be compared. Our people hold that the United States must examine its decision more closely and that it must not believe in the words of a couple of extremists who are fired by their own personal ambitions at the expense of the people of an entire country.

Cambodia: Pol Pot 'Deathly Ill,' Possibly Dead

BK0606043096 Hong Kong AFP in English
0424 GMT 6 Jun 96

[FBIS Transcribed Text] Phnom Penh, June 6 (AFP) — Pol Pot, the shadowy leader of the Khmer Rouge guerrilla faction is deathly ill and may in fact have died earlier this week, Cambodian intelligence sources and others said Thursday.

As of last week, the 68-year-old rebel chief, whose name has become synonymous with the Khmer Rouge's brutal nearly four-year reign of terror in the 1970s, had worsening malaria and was not expected to survive, according to intelligence reports.

On Tuesday, another report reached several senior government officials in Phnom Penh that Pol Pot had died from the disease at a jungle compound within Cambodia on Monday.

Cambodia: Australian Radio Says Pol Pot May Have Died

LD0606073596 Melbourne Radio Australia
in English 0700 GMT 6 Jun 96

[FBIS Transcribed Text] Reports are emerging from Cambodia that the Khmer Rouge leader Pol Pot is gravely ill and may have died. Senior Cambodian officials say the shadowy rebel leader may have died in a jungle stronghold from a long battle with malaria. Evan Williams reports.

[Begin Williams recording] Cambodian officials say they have received intelligence reports Pol Pot is ill and may have died earlier this week, but they cannot yet confirm if the 68-year-old guerrilla chief is in fact dead. They say he received treatment for malaria twice recently and is known to have been ill from the disease for many years.

The mastermind of the Khmer Rouge's three-year reign of terror, Pol Pot has remained largely in control despite being officially retired in the late eighties. It is unlikely the highly secretive group will confirm his death. Senior Cambodian Government officials say if true it doesn't yet mean the end of the Khmer Rouge, as the group's military leadership could take over. Evan Williams, Bangkok. [end recording]

Cambodia: Thai Officials Doubt Reports of Pol Pot's Death

LD0606105096 Melbourne Radio Australia
in English 1000 GMT 6 Jun 96

[FBIS Transcribed Excerpt] Officials in Thailand have discounted reports from neighboring Cambodia that the Khmer Rouge leader Pol Pot may be dead. They are responding to unconfirmed reports from Cambodia that Pol Pot may have died in a Khmer Rouge base near the border with Thailand. More from Evan Williams in the Thai capital, Bangkok:

[Williams] Reliable senior sources say they have recently received reports Pol Pot is gravely ill with malaria and might die but that he is still alive. Cambodian officials appear to have received the same reports, but had been told the 68-year-old guerrilla chief may have already died. Cambodian interior officials stressed they were still checking those reports and had not confirmed Pol Pot's death.

It has been known for some time Pol Pot is ill with a tropical disease and was recently treated twice. While it now appears certain he is not yet dead, the reports have highlighted the guerrilla faction's tough future when it loses the man who still embodies its ideology. [passage omitted]

Cambodia: Khmer Rouge 'Deputy Commander' Confirms Pol Pot's Death

BK0606085196 Hong Kong AFP in English
0850 GMT 6 Jun 96

[FBIS Transcribed Text] ARANYAPRATHET, Thailand, June 6 (AFP) — Pol Pot, the leader of the Khmer Rouge, has died of malaria in northwestern Cambodia, a deputy commander from the rebel group confirmed Thursday.

The 68-year-old guerrilla chief — whose name is synonymous with the Khmer Rouge's reign of terror in the 1970s — died on Wednesday at a rebel base southeast of here, a deputy commander from the rebel group told AFP.

Cambodia: Possible Motives for Delaying Nationality Law Reported

BK0506122096 Phnom Penh SAPORDARMEAN WAT PHNUM in Cambodian 27-28 May 96 pp 1, 4

[Unattributed report]

[FBIS Translated Text] [Second Prime Minister] Hun Sen said "politicians cannot have two nationalities ... only when they do what I do can they play politics ..." In fact these words are just a defense of his own power and to prevent Cambodians abroad from taking part in politics in Cambodia.

The public is still waiting for the immigration law to take effect. However, high-ranking officials have said that for the immigration law to be meaningful there should also be a nationality law. Hun Sen had never thought that the nationality law, whenever it was raised, could be used to repatriate hundreds of thousands of illegal Vietnamese immigrants from Cambodia. He only thought of his own power. If he is really a patriot, he should not have thought about the issue from a very narrow angle and overlooked the danger, which is apparent from a wider angle.

Hun Sen may have thought that if he allowed the nationality law to be passed too soon, it would affect the interest of his group. This is because if the law is properly implemented hundreds of thousands of Vietnamese may be forced out of Cambodia back into Vietnam. This could lead to the following:

1. Hundreds of thousands of votes would be lost because these Vietnamese would only vote for the Cambodian People's Party [CPP];

2. The close solidarity between the Vietnamese Communist Party and the CPP, which was born of the Khmer Vietminh [pro-Vietnamese Cambodians] would be fractured.

Furthermore, Hun Sen thought that if he made it hard for Cambodians of foreign nationalities to play politics (through pressure) this could provoke strong reaction from Cambodian politicians in and outside the country. This, in turn, could block the passage of the nationality law. Hun Sen would be even happier then because hundreds of thousands of Vietnamese would still have the right to vote for his communist party.

It is believed that Hun Sen would be happier seeing the nationality law blocked rather than passed. Here are some of the many benefits for Vietnam if Hun Sen manages to block this law:

— Vietnamese leaders could send more Vietnamese nationals to live in Cambodia and to reproduce to bring the population of Vietnamese to that of the Cambodians to facilitate the takeover of Cambodian territory. This is a lesson from Kampuchea Kraom [former Cambodian territory now part of southern Vietnam].

— Besides increasing votes for Hun Sen, these Vietnamese could secretly infiltrate the Cambodian Government and pass secrets to Hanoi.

As for Hun Sen, Vietnam's pawn, he will continue to act at Vietnam's instigation and use pretexts to dupe some ignorant Cambodians into believing his deceitful propaganda.

Cambodia: Paper on Strategy To Beat Government in 1998 Election

BK0506150096 Phnom Penh SAPORDARMEAN WAT PHNUM in Cambodian 23-24 May 96 pp 1, 2

[Unattributed commentary]

[FBIS Summary] In this 800-word commentary entitled "United, We Survive" Cambodians of all political tendencies are urged to join together and set up a united front to fight against the nation's enemies committing aggression against Cambodia's territorial integrity and plundering its natural resources, so as to safeguard the Cambodian nation and race.

The commentary says Cambodians inside and outside the country "have no better choice than to form a political alliance with the Khmer Nation Party" led by Sam Rangsi because this is "a genuine political party of the Cambodian people and set up by genuine Cambodians for the genuine benefit of Cambodians."

The commentary also urges Cambodians who are for liberal democracy — who have already set up parties or are planning to do so and take part in the election in 1998 — to think carefully about holding talks and discussing the issue with other like-minded Cambodians. This is in order to bring together "a pro-Cambodian liberal democratic party to compete with a pro-Vietnamese dictatorial communist party" in the upcoming election in Cambodia in 1998. The commentary also affirms that "this is the only way: to strive to agree to the idea that there should be only two political parties, namely a pro-Cambodian party and a pro-Vietnamese party, competing openly in a liberal democratic, fair, and just manner and supervised by the international community, including the United States, France, Australia, Japan, Britain, China, and so on. The commentary adds that "only this strategy or tactic can save our Cambodian nation and motherland from all kinds of disasters."

The commentary concludes by urging "all liberal parties to unite in a political alliance in order to become a solid and powerful party of the Cambodian nation in 1998."

Cambodia: Minister Rejects Rangsi Request To Open Radio Station

BK0606112296 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 6 Jun 96 pp 1, 2

[Report by Miss Thmar Da]

[FBIS Translated Text] The Ministry of Information which represents the Royal Government of Cambodia and controls the information network nationawide has announced that it will not allow Sam Rangsi to set up a radio station for his political party. This is because all existing radio and television stations belong to the state or private companies, and none to political parties.

In a 3 June letter responding to Sam Rangsi's letter dated 30 May, Khieu Kanharit, state secretary for Ministry of Information, stressed: "In all countries, the formation of a political party does not entail the right to set up a radio or television or to enjoy any other privileges outside the framework of the law."

Giving reasons, he said: "So far, all radio and television stations belong to the state and the private companies. None belong to any political party."

It should be recalled that in his 30 May letter to the Ministry of Information, Sam Rangsi wrote that his party would soon set up an FM radio station for its own use. He added that if the Ministry of Information rejected this request, his party would select some frequencies that are not used and set up its own station, even without the permission from the ministry. Sam Rangsi boasted, "There is no law prohibiting political parties from setting up their own radio and television stations."

As a matter of fact, although some radio and television stations are really belong to political parties, the direct owners are private companies, which had requested for permits from the CDC [Council for the Development of Cambodia]. All these stations have been authorized to function under private companies and not political parties.

A high-ranking government official said Sam Rangsi might set up a radio or television station by applying for a permit using a private company instead of his party. He added that this is not a difficult problem; what is most important is that he should follow the law and regulations like all other private radio and television companies do, even through they may be serving some political parties.

Citing the legal process, the Ministry of Information said "according to the joint communique No. 109 dated 5 September 1995 issued by the Ministry of Posts and Telecommunications, Ministry of Interior, and the Ministry of Information, the allocation of radio and television frequencies is under the full control of the Ministry of Information. It cannot be decided by any political party."

On the use of national radio and television stations during election campaigns, Khieu Kanharit stressed: "The ministry would like to stress that after the election is announced, national radio and television will set aside an equal time for all political parties standing for elections to carry out campaigns free of charge."

However, the state secretary said political parties are not allowed to use the time set for election campaigns to denounce or criticize each other.

Cambodia: Khieu Samphan Views 1997, Power Sharing

BK0606100796 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 5 Jun 96

[Interview with Khieu Samphan, prime minister of the Provisional Government of National Union and National Salvation and chairman of the National Union Party, by an unidentified station correspondent; place and date not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings, Your Excellency Mr. Prime Minister.

[Khieu] Greetings.

[Correspondent] At a ceremony to inaugurate the restored Vat Than Temple in Phnom Penh, Hun Sen, Chea Sim, and Ranariddh feigned embraces in public and announced that all of the disputes among them had been settled and that they were reconciled with one another. What is your opinion?

[Khieu] In my opinion, immediately after this burlesque was performed, the masses in Phnom Penh, the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful,and Cooperative Cambodia] supporters, the ANKI [Independent Cambodia's National Army] officers, and the paras [non-communist resistance fighters] expressed their complete repugnance. First, they said Ranariddh was finished, that Ranariddh remained a stooge of Hun Sen and communist Vietnam and continued to sell out FUNCINPEC and ANKI. Second, they realized that the villains who were pulling the strings behind the scenes were communist Vietnam and Hun Sen.

[Correspondent] Recently, Wiedemann, U.S. deputy assistant secretary of state in charge of East Asia, expressed concern about the serious political situation in Cambodia stemming from the splits within the Communist Party of communist Vietnam's puppets Chea Sim and Hun Sen. The U.S. Embassy in Phnom Penh is frantically contacting the communist Vietnamese puppets on this matter. What is your opinion?

[Khieu] My opinion is as follows:

1. The United States and other Western allies are extremely worried because the two heads are breaking

up and disbanding. I would like to stress that they are worried about the breaking up and disbanding of the two heads and not about anything else. This breaking up and disbanding of the two heads is the consequence of their repeated, extremely serious battlefield setbacks suffered during the past three years, especially during the recent 18th dry season. The situation that has worried the United States and other Western allies the most is the fact that the two heads must go through the current 18th rainy season. Under normal circumstances, the rainy season would already spell plenty of difficulties for them. During this particular 18th rainy season, however, how badly will they be crushed into the mud and mire by our nation and people? Will the two heads be able to rise up again? That is their worry.

2. The U.S., French, and Australian Embassies are frantically contacting the communist Vietnamese puppets in Phnom Penh. Why? It is not to warn the communist Vietnamese puppets against breaking up as Wiedemann had claimed. It is to implore the communist Vietnamese stooges not to go too far, begging them to be more flexible. Otherwise, the United States and other Western allies will have a hard time convincing the king to return to Phnom Penh, especially when the latter is in such poor health and cannot even see with one of his eyes. Moreover, they have difficulty keeping FUNCINPEC, ANKI, and the paras inside communist Vietnam's iron cage. If they fail to keep FUNCINPEC, ANKI, and the paras inside communist Vietnam's iron cage, even if Ranariddh remains the running dog who allows Hun Sen to put his feet on his head, the world will see that the two-headed coalition no longer exists. Consequently, they will have difficulty collecting the money with which to continue financing the communist Vietnamese war in Cambodia.

The United States and other Western allies are aware that everything is up to communist Vietnam, which is the boss of the two heads, but they are imploring the stooges so that the latter will report to the Communist Party of Vietnam [CPV] committee in Phnom Penh, concealed among the nearly 5 million ethnic Vietnamese. This CPV committee summons its stooges to meet every night. If there are major issues that it cannot solve, this committee refers them to Le Duc Anh in Hanoi and requests counsel from Le Duc Anh and other Vietnamese politicians. The communist Vietnamese advise their stooges to ease up on freedom. In practice, however, they keep refusing to share power with FUNCINPEC. They continue to crush FUNCINPEC, ANKI, paras, and other parties. They temporarily retain for continued service anyone who is an opportunist, such as Yu Hokkri, Tea Chamrat, and Khan Savoeun.

3. As for the splits among Hun Sen, Chea Sim, and Sar Kheng, these are merely lies and deceptions. They have been resorting to such lies and deceptions for the past three years, and yet they continue to serve communist Vietnam. Why?

[Corrspondent] Yes, why indeed?

[Khieu] Communist Vietnam, the United States, and other Western allies know that the masses in Phnom Penh, FUNCINPEC, other political parties, most national figures, and even those in the Royal Palace have a strong dislike for Hun Sen and cannot tolerate him because he shows disrespect to everybody, the king included. Therefore, he is the main obstacle in the effort of communist Vietnam, the United States, and other Western allies to recombine the two heads. In such a situation, their only option is to lie to the people that Chea Sim and Sar Kheng are at odds with Hun Sen so as to give hope to FUNCINPEC, other political parties, and some political figures that they can join hands with Chea Sim and Sar Kheng against Hun Sen. The truth is, however, that Hun Sen is the out-and-out lackey of communist Vietnam, and so are Chea Sim and Sar Kheng. All these guys implement communist Vietnam's strategy of killing Cambodians of all tendencies, including the Cambodians from FUNCINPEC, other political parties, ANKI, and paras, meaning all Cambodians who refuse to become their running dogs and allow them to swallow up and turn Cambodia into another Kampuchea Kraom [ancient Cambodian territory now part of Vietnam]. No matter how hard communist Vietnam, the United States, and other Western allies try to recombine the two heads, however, the latter will continue to be split, fragmented, and dislocated in 1996, 1997, and 1998, especially 1997, which is the key year.

[Correspondent] How is 1997 the key year?

[Khieu] Now is the time for making electoral preparations. If the United States and other Western allies want to make it possible for FUNCINPEC and other parties to join the elections, they must pressure communist Vietnam and its puppets, the stooges, to share power with FUNCINPEC beginning now — including power in the civil and military administration, the Police, the Army, and the power in the provinces, districts, communes, and villages — at a ratio commensurate with the results of the 1993 elections brokered by UNTAC [UN Transitional Authority in Cambodia], or at least in a 50-50 share. If FUNCINPEC gets nothing and communist Vietnam and its puppets remain in exclusive and fascist control, then how can there be free, democratic elections? How can FUNCINPEC and other parties be expected to join the elections if it would be tantamount to placing their necks under the guillotine of communist

Vietnam and its puppets, the stooges? They are not as dumb as to let communist Vietnam and its puppets, the stooges behead them freely, even if they are pushed hard enough by the United States and other Western allies to do so. They surely will desert the two heads. If not all of them desert the two heads by the end of 1996, then they will do so in 1997. Before pulling out, they will first inflict stinging blows on the heads of the communist Vietnamese stooges and Ranariddh. After becoming a lapdog of Hun Sen and communist Vietnam and lying at their feet, Ranariddh must not think that he can sleep in peace. The situation is changing very rapidly, beginning with this rainy season.

[Correspondent] Why is it changing?

[Khieu]1. On the military front, the National Army of Democratic Kampuchea continues coordinating actions with the rest of our nation and people, especially the poor peasants in the countryside, and continues to attack the two heads, driving them into more serious setback and decline.

2. The peasants, especially the poor peasants, continue to remove and destroy the village and commune authorities of communist Vietnam and its puppets, the stooges, and to liberate one of their villages and communes after another.

3. The soldiers and militiamen who have been conscripted to fight and die in their place continue to desert and run away. They also have much difficulty enlisting new soldiers.

4. The two heads themselves are breaking up and tearing at each other's throats more savagely, especially during the upcoming local elections in 1997.

5. In a situation where the two heads are suffering serious defeats while breaking up and fighting each other—becoming more dictatorial and fascist and shooting and killing more people in the street—including FUNCINPEC, ANKI, paras, and other party members, and in a situation where more people are deserting the two heads, how can the U.S. Administration and other Western countries deceive U.S. and Western public opinion into giving funds to communist Vietnam and its puppets, the stooges, to continue igniting the communist Vietnamese war in Cambodia? This is why I said 1997 is the key year, while 1998 is [word indistinct].

[Correspondent] Recently, His Excellency [H.E] Son Sann and his party, H.E. Sam Rangsi and his party, and two other parties issued a statement calling for an end to the war and an end to the fascist, corrupt regime of the two heads. What is your opinion?

[Khieu] This shows that our nation and people in all social strata and from all political tendencies demand that the communist Vietnamese war of aggression against the Cambodian nation and people be brought to an end. In order to do so, the regime of the two heads—a puppet regime of the communist Vietnamese stooges—must also be brought to an end. The call for an end to this war and to the regime of the two heads is launched right in downtown Phnom Penh. It also shows that our force of great national union continues to grow steadily. This inspires my firm belief that our nation and people will continue to join hands in waging the struggle in all forms everywhere, in the rural areas as well as in the cities and abroad. We will surely achieve genuine national reconciliation, end the war of communist Vietnam, and eliminate the regime of the two heads so that our nation and people in all social strata can jointly set up a national regime in which all national forces take part, with the exception of the five top traitors who are the stooges of communist Vietnam, namely Hun Sen, Chea Sim, Sar Kheng, Heng Samrin, and Tie Banh.

Therefore, I take this opportunity to remind the soldiers, militiamen, and village and commune authorities forcibly pressed into their service by communist Vietnam and their puppets, the stooges: You must quickly run away from the latter before 15 June. If you stay in the service of communist Vietnam and its puppets, the stooges, against the heartfelt appeal and powerful demand of our nation and people in all social strata to end the communist Vietnamese war of aggression, you will be severely punished. As of 15 June, the nation and people, especially the poor peasants, will punish you according to your crimes. You must clearly understand that this appeal is meant to save you.

Thailand

Thailand: Burma Agrees To Resume Bridge Construction, Trade

BK0606063896 Bangkok BANGKOK POST in English 6 Jun 96 p 6

[Unattributed report]

[FBIS Transcribed Text] Mae Sot — Burmese authorities yesterday accepted Thailand's proposal to resume construction work on the Thai-Burmese Friendship Bridge and revive cross-border trade between the two countries.

The proposal was made to the Local Thai-Burmese Border Committee (TBC), meeting for the 14th time yesterday but the first since Rangoon closed the Mae Sot-Myawadi border on March 4 last year.

Col Suwit Maenmuan led the Thai side in the talks, while the Burmese team was led by Lt-Col Kyaw Hlaing.

Burma had earlier accused Thailand of illegal encroachment and demanded a halt to all construction work on the Moei River, the site of the friendship bridge.

Talking to reporters after the meeting, Col Suwit called the talks a breakthrough and said Lt-Col Kyaw Hlaing had promised to inform Rangoon of progress in the latest round of talks.

As for dredging the river channel on the Thai side, he said, Thailand will propose that aerial photographs held by both sides be used to settle the contentious border demarcation issue.

The demarcation issue will be discussed during the 13th meeting of the Regional Thai-Burmese Border Committee in Phitsanulok June 16-18, he added.

During yesterday's meeting, Thailand also called on Burma to exercise greater control over ethnic groups which have repeatedly crossed the border to rob and kill Thai villagers.

The Burmese delegation asked Thailand to return three rifles seized from its soldiers on March 12 during cross-border fighting between Burmese troops and an unidentified gang.

It also asked the Thai side to warn Thai villagers against transporting sand from the Myawadi side of the Moei.

Thailand: Deportation of Lao Refugees Under Consideration

BK0606063296 Bangkok BANGKOK POST in English 6 Jun 96 p 7

[Report by Phanrawi Tansuphaphon]

[FBIS Transcribed Text] Thailand is considering deporting Laotians who are not accepted for resettlement by the United States and fail to voluntarily enter a United Nations-backed repatriation programme.

Deputy secretary general of the National Security Council, Khachatphai Burutphat, said there were legal channels Thailand could utilise to deport the Laotians.

"As a last resort we will use the immigration law," Mr Khachatphai said.

There are currently about 5,000 Laotian refugees at Ban Napho, Nakhon Phanom, of whom about half are expected to meet US resettlement criteria in screening due to be completed by September 30.

Since interviews began on April 1, US immigration authorities have approved the applications of 900 refugees, sources said.

Thailand will propose exploiting provisions within the immigration law to decide the fate of the Laotian refugees during upcoming tripartite talks with Laos and the United Nations High Commissioner for Refugees (UNHCR), Mr Khachatphai said.

The talks are set to take place in Bangkok on June 19.

"I will sound out whether Laos agrees with the idea. But I think it is not wrong to use this law," he said.

Although Mr Khachatphai did not elaborate, use of the immigration law implies the Laotians would lose their current refugee status and be considered illegal immigrants subject to deportation, sources noted.

Thailand is determined to close the Ban Napho centre by the end of the year, Mr Khachatphai said.

Thailand allowed US authorities to re-screen Laotian refugees for possible resettlement after Washington agreed to offer additional funs for the UN-backed voluntary repatriation programme for those who did not qualify for admission.

Criteria for admission into the US includes previous association with the US Army or the Royal Lao government or army before the Pathet Lao communist regime took over in 1975.

Drug addicts will not be accepted under the programme.

An official attached to United Nations at the Lao Foreign Ministry, Latda Pathammavong, said more than one hundred Laotians at Ban Napho were addicted to narcotic drugs.

Under a plan being considered by Thai authorities, unsuccessful applicants would be returned to Ban Na Saan, Thakhek, in the central Lao province of Khammouane, which lies adjacent to Ban Napho.

Already, some 500 Hmong refugees have settled in the area, he said.

Mrs Latda said Khammouane could accommodate 3,000 Laotian returnees.

Cuts to the UNHCR budget to maintain Laotians at Ban Napho has led Thailand to consider repatriating the refugees, an Interior Ministry official said.

Thailand is seeking aid from donor countries, in particular the European Commission, to finance the reintegration of returnees into their new communities, the official added.

Mr Khachatphai said the EC has expressed its willingness to assist Lao returnees. "But the EC wants the Laotian government to present definite programmes first," he added.

Since 1994, the EC has helped develop public utilities, such as water supply, in the northern provinces of Luang Namtha, Phongsaly, Luang Prabang, Bokeo.

Thai Defense Minister Reaffirms Countertrade Arms Purchase

BK0506122396 Bangkok MATICHON in Thai 5 Jun 96 p 12

[Unattributed report]

[FBIS Translated Text] Defense Minister General Chawalit Yongchaiyut told reporters during an interview on 4 June that Prime Minister Banhan Sinlapa-acha will have to postpone his scheduled discussion on arms purchase plans with commanders of the three armed forces because he is still fully occupied with official functions.

In his capacity as defense minister, General Chawalit Yongchaiyut said he will inform the prime minister about his proposal to have all arms purchases done on a barter trade basis ranging from 50 to 100 percent. In any event, no less than 5 percent [figure as published] of the planned puchase must be done by barter trade. All purchase plans must be transparent and open to the general public. He noted that Thailand has plenty of agricultural products such as frozen chicken and shrimp that can be bartered for weapons. This will raise farmers' income and help relieve the current account deficit.

General Chawalit emphasized that honesty and selflessness are the most important requirement in any arms purchase deal, pledging to closely supervise all purchase plans. He added that the Communications Ministry, which is also under his supervision, has also been instructed to implement the counter trade policy. The aircraft purchase by the ministry is also made on a counter trade basis. He also asked reporters to relay the message to all agencies under his jurisdiction that whatever they want to import goods from foreign countries, at least 50 percent of it must be done on a counter trade basis. They should not buy anything if they cannot comply with this rule.

Thailand: Parties Petition Prachakon Thai To Stay With Coalition

BK0406151296 Bangkok Radio Thailand Network in Thai 1200 GMT 4 Jun 96

[FBIS Translated Excerpts] Prime Minister Banhan Sinlapa-acha told reporters during an interview after today's cabinet meeting that he has instructed all coaltion parties to coordinate with each other so that they can continue to work together.

He said: [Begin recording] [Banhan] Nobody quarreled. We still talk to each other in a friendly manner.

[Unidentified] Did Samak make any complaint during the cabinet meeting?

[Banhan] Nothing. He looked happy. [End recording]

Meanwhile, Samak Sunthorawet, deputy prime minister and leader of Prachakon Thai Party, told reporters at Government House that he has not yet submitted his resignation letter. However, he reaffirmed that he will definitely resign. [Passage omitted]

Another report from Government House said that leaders of six coalition parties namely Chat Thai, Social Action, Nam Thai, New Aspiration, Phalang Tham, and Muanchon Parties signed a petition calling on Prachakon Thai Party to remain with the government.

Muanchon Party leader Police Captain Chaloem Yubamrung said the petition represented the resolution of the parties and will be handed to leader of Prachakon Thai Party as soon as possible, adding that the current political situation does not warrant the resignation of the prime minister or parliament dissolution as demanded by some people. [Passage omitted]

Vietnam

SRV: Article Criticizing Helms-Burton Law Cited

BK0606055296 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 5 Jun 96

[FBIS Translated Text] The United States has fired the first shots in its economic war against Cuba and related countries by sending letters in late May to Grupo Domos, a Mexican telephone company, (?TEF), an Italian telephone company, and Sherritt International Inc., a Canadian mining company with nickel and cobalt mining operations in eastern Cuba, warning these companies that they would be punished if they continue their business dealings with Cuba. Discussing this issue, an article by Nguyen Thi Trinh in a recent issue of TIN TUC BUOI CHIEU [Evening News] entitled "The U.S. is Trying To Speed Up the Natural Process of Cuba's Fall—A Ripened Fruit" says:

This is the Washington administration's first step in implementing the Helms-Burton law, which was promulgated officially by President Bill Clinton on 12 March 1996, with the motive being the retaliation for Cuba's downing of two U.S.-based aircraft that violated Cuban airspace on 24 February. The true intentions of the Helms-Burton law are to internationalize the embargo that the U.S. has been imposing against Cuba for over 30 years now and to annihilate Cuba's existing political regime through starvation and plague.

According to the law, foreign individuals and companies that continue to do business with Cuba will be subject to punishment. The punishment can take many different forms, from refusal to issue visas for businessmen and their relatives to enter the United States, to prosecution in U.S. courts for business dealings related to the assets of U.S. citizens of Cuban origin, since these assets were nationalized after the successful revolution in 1959.

The aforesaid companies are the first group on a black list that could virtually consist of many companies from all regions of the world that are investing in Cuba, in either food production, hotel construction, or even the production of medicine and soap. Some people say these letters are soaked with the smell of imperialism and are the harbinger of the darkest era of international relations.

(?Ganbera), director of the Latin America and Caribbean Center at the U.S. Florida University, said that the realization of the Helms-Burton law by Washington caused a series of retaliatory actions and serious difficulties on the part of the United States in relations with its allies. British Foreign Secretary Rifkind commented that the Helms-Burton law was unilateral, short-sighted, beyond the borders of U.S. territory, damages free trade, and creates a rift among allied nations. Dutch Foreign Minister Van Mierlo confirmed the stance of the 15 member nations of the European Union to protest the Helms-Burton law. Mexico and Canada, two U.S. allies in the North America Free Trade Agreement, have indicated the possibility of retaliatory actions, even legal actions, to counter the U.S. pressure on their businessmen to give up their business dealings with Cuba. The (?Rio) group, which consists of 14 Latin American nations, also discussed measures to counter the enforcement of the U.S. Helms-Burton law during their foreign ministers conference in Cochabamba, Bolivia. Many high-ranking officials in other governments, such as Russia and France, many members of parliament, and regional and international organizations have all raised their voices against the Helms-Burton law.

If the United States deliberately continues the enforcement of this unacceptable law, it will face an increasingly strong objection from the international public. The U.S. strategy to speed up the natural fall of the ripened fruit of Cuba will not only be unable to avoid sure failure but will also cause more losses in relations with other countries.

SRV Prime Minister Orders Rice Export Tariffs Modified

BK0606051496 Hanoi Voice of Vietnam in English 1000 GMT 4 Jun 96

[FBIS Transcribed Text] Prime Minister Vo Van Kiet has instructed the Finance Ministry to modify rice export tariffs to encourage local rice exporters.

The Finance Ministry has been urged to cooperate with the Ministry of Agriculture and Rural Development and other offices to study the policy concerning the processing, distribution, and export of farm products, especially rice to benefit producers, processors, and exports.

The prime minister has also directed relevant bodies to establish an export support fund to help local exporters avoid crisis during fluctuations in the world market.

Over the last two years, Vietnam has exported over 4 million tonnes of rice to Asia, Africa, and America.

SRV: Instruction on Cooperative Economy Issued

BK0506140296 Hanoi NHAN DAN in Vietnamese 27 May 96 pp 1, 2

["Text" of instruction by the Party Central Committee Secretariat on the development of the cooperative economy issued in Hanoi on 24 May]

[FBIS Translated Text] The Party Central Committee Secretariat issued an instruction on 24 May 1996 to promote the development of the cooperative economy in all branches and economic sectors. The contents of the instruction are as follows:

The Political Bureau has published Notice No. 142-TB/TU dated 2 February 1996 defining the guidelines for renovating the cooperative economy and cooperatives and for formulating the draft law on cooperatives.

To implement the views of the Political Bureau and the Law on Cooperatives adopted by the Ninth National Assembly's ninth session in March 1996, the Secretariat requests party committee echelons and party organizations to thoroughly grasp and satisfactorily carry out the following tasks:

1. Clearly realize that the cooperative economy is an objective requirement and an indispensable tendency in the process of promoting the multisectoral socialist-oriented commodity economy:

Our party and state stand for the development of a multisectoral socialist-oriented commodity economy under state management. Except for the fact that the state-owned economy plays a key role and, together with the cooperative economy, gradually becomes the backbone of the national economy, all economic sectors are equal before the law.

The cooperative economy is a form of cooperation between workers and small producers who are willing to work together and combine the strength of the collective with the personal efforts of each cooperative member to resolve issues relating to production, business, and life more effectively.

Given the fact that we begin with small-scale production, the coopration between small producers and business people under different forms of operations is a pressing demand and an indispensable and objective tendency in the development of production forces. The urgent need for the development of the cooperative economy becomes more obvious with the start of the industrialization and modernization program.

The development of the cooperative economy and cooperatives in our country is based on socialist orientations, and this can be described concretely as follows:

— The objectives of the organization and development of the cooperative economy are not only to enable small producers to compete with big businesses and counteract their pressure, but also to serve our party's long-term policy to develop the multisectoral commodity economy, of which the cooperative economy is an important part, and together with the state-owned economy, gradually becomes the backbone of the national economy and also a socio-political foundation of the country in the struggle to achieve the goal of a prosperous people, a powerful country, and an equitable and civilized society.

— The development of the cooperative economy in our country aims not only at economic goals but also at social purposes. Only through cooperation can the working people, particularly poor laborers, have mutual assistance, create strength for production and business operations, generate more jobs and income, and enrich themselves legitimately while at the same time contributing toward the hunger elimination and poverty reduction campaign. Collective economic organizations, particularly the ones based in the countryside, are bound together not only by economic ties but are also formed and developed thanks to the spirit of mutual assistance. Though they do not perform the social functions of other organizations, these collective economic organizations can contribute toward the implementation of local social development projects.

2. Encourage the development of the cooperative economy and cooperatives in various forms:

The cooperative economy in our country must be developed vigorously from low to high levels and in different forms and scope. There can be cooperatives involving one or two aspects of business and set up in a simple, temporary, or "loose" way (without business registration), or cooperatives formed as a business establishment (with well-established structure and legal status). There can be cooperatives whose members contribute both capital and manpower or capital only (like marketing or credit cooperatives), or cooperatives focusing on production or specializing in support services to production operations only. There can also be cooperatives operating on a small scale in a certain region or in an unlimited area with different scopes of operation...

Those simplistic forms of cooperation that are confined to a number of areas of work or things usually do not bear the character of legal person. They are organized in an entirely voluntary fashion suitable to the characteristics of various branches and trades and to the production capacity, outlook, and habits of each particular locality and have a practical effect on production and life, especially in the countryside.

Different forms of cooperation have been offered with guidance and assistance from the state. It is the state's policy to promote the growth of such forms of cooperation and to transform them into cooperatives when conditions permit.

3. It is necessary to carrying out renovation and to develop the cooperative economy among various economic sectors and areas in the following direction:

In agriculture:

We must continue to affirm and achieve the goals of renovation by developing various forms of cooperative economy in agriculture, as already said in the Seventh Party Central Committee's fifth plenum.

We must renovate those agricultural cooperatives that have been set up in the past along the following direction:

— As for those cooperatives that have achieved initial results in the renovation process, as well as those cooperatives whose capital is still available—whose material and technical bases are still relatively good and whose management skills are satisfactory— they must have certain areas of work, things, or services already renovated. If supported by their members, they must continue to renovate their management mechanism, expand their operations, and improve the results of their cooperative economy.

— Regarding those cooperatives that exist only in name and that do not have the conditions to renovate themselves (any conditions needed for the practice of cooperative economy are unavailable), the local administration must direct their cooperative members to discuss and decide by themselves whether they should dissolve their cooperatives and then shift them to a new form of cooperative economy commensurate with the knowledge and requirements of peasant households. Prior to the dissolution, it is necessary to satisfactorily conduct an inventory to evaluate those problems related to the remaining fund, which should be discussed and resolved by a peasant congress to be held to discuss the question of debt clearing in accordance with state stipulations.

— We must develop various diverse forms of cooperative economy for peasants households in accordance with such principles and characteristics as: their establishment must be voluntarily initiated by peasants themselves; the diversity and copiousness of such organizational forms and their operational programs must be observed; and imposition of any uniform or restrictive model must be avoided. The state will encourage, provide assistance and guidance, and create conditions for the establishment and effective operations of cooperative economic organizations. The organizational size, name, operational procedures, and the lifespan of various forms of cooperation must be totally decided by relevant cooperative members. There are many forms of cooperative cooperation. Some operate in accordance with the Civil Code; others operate in keeping with the Law on Cooperatives. Whenever peasants want to transform such forms of cooperation into cooperatives, they must comply with those conditions and stipulations provided for in the law and regulations governing cooperatives.

In forestry:

We must promptly conduct studies to institutionalize a number of forms of cooperation in the forestry business, such as the cooperation between various worker households in building the infrastructure and in the processing and marketing of products. We must promote cooperation between: state-run forestry sites and worker households; cooperation between cadres and workers within the area of a forestry site; and cooperation between forest owners and those villages specialized in processing forestry products.

In the marine products sector:

— We must: expand various forms of cooperatives and conglomerates among a number of fishing junks units; promote the contribution of capital and labor and the product-sharing system; and promote cooperation among a number of fishing junk units in each areas of work and in each job on a voluntary and diverse basis.

— Fishing junk units operating in each particular sea area, irrespective of administrative boundaries, must cooperate with one another in such areas as communications and liaison, logistical services, products marketing, sea rescue operations, or in other integrated forms of production and business.

— Fishing forces operating in large sea areas must ally themselves into an economic organization with state enterprises serving as a backbone (in the areas of exploitation and services). In industry, small industry, and handicraft:

— We must effect changes among existing small-industry and handicraft cooperatives on the basis of clearly determining the assets (contributed shares) of cooperative members and the collective assets (capital contribution, fund, accumulated and reinvested property), and must formulate new production and business plans.

Depending on each branch and trade and on practical conditions, cooperatives can organize a number of joint production activities. Cooperative members can also have their individual business activities. Joint production activities and services of cooperatives will help back individual business activities of cooperative members. Cooperatives can also organize entirely joint production.

— We must direct those laboring people who work separately to participate in various diverse forms of cooperative economy. It is necessary to vigorously develop various diverse forms of cooperative economy and those villages with traditional professions in various rural areas in accordance with the motto of "Leaving One's Own Rice Fields But Not One's Own Village."

In the construction sector: We need to develop the following forms of cooperatives:

— Cooperative unit: This is suitable for activities that do not require a large amount of capital, manpower, or high technology. Examples are home repairs, sand and gravel exploitation, lime production, and so forth.

— Production cooperative: This is suitable for major repairs and small scale construction (full contract for small construction projects or sub-contract for medium projects).

— Cooperative union: This is the joint venture among cooperatives in the same industry. It enables the group to make use of their capital, equipment, and manpower more effectively so that they can take on medium- or larg-scale projects.

Transportation industry: Various types of cooperatives can be developed from the following two basic models:

— Support services cooperative: Members do not put combine their capital together, and remain sole owners of their facilities, and manage their businesses in accordance with the law. The cooperative supports members in a number of services such as: The allocation of destinations and itineraries for members in their registered localities; contract signing with ports, terminals, customers, and issuance of transportation orders to members according to plans; paying fees, taxes, and insurance costs for members; working with the relevant authorities to handle incidents like transport accidents, trade problems, and so forth; applying for licenses on the members' behalf; providing services such as technology, materials supply; obtaining credit or loans to buy or to lease equipment for members; and so forth.

— Collective production and trading cooperatives: Members contribute their share of the capital (in cash or in kind) to set up a cooperative, and receive remuneration based on their labor and shares. This cooperative type is suitable for the major transportation business which demands large facilities and high level of modernization in order to be competitive.

To meet the demands of cooperatives in each region, transport cooperatives can join forces by forming cooperatives union. This is a legal entity and established on a fully voluntary basis to support one another in business and in forming joint ventures with other economic organizations in other localities. A transport cooperatives union can also participate in the provincial or city federation of cooperatives.

In the trade and services sectors: We need to develop trade and services cooperatives in both rural and urban areas, apply modern trading techniques in cooperatives to make them market-oriented and responsive to production; firstly, the "input" and "output" services for members. Trading cooperatives need to have close relationships with state trading establishments, being their representatives in either buying goods or providing supplies.

In the rural areas, trading and service cooperatives focus their operation mainly in the following sectors:

— Purchasing commodities produced by the locality, including buying for state or other establishments for export or exchange with other trading establishments.

— Selling goods, providing agricultural supplies and consumer goods to local people, and expanding the network of agents and sales outlets by consignment for all economic organizations and individuals.

— Widening and diversifying the variety of trading and service activities to meet the demands of the market, suitability to local customs, and socioeconomic development level.

To organize value-added, processed, and semi-processed agricultural products and food staples. To distribute goods produced by agriculture and handicraft households.

— In mountainous areas, it is necessary to organize the trading and service cooperatives in each village or group of villages or tribes, for the transportation convenience of the local people. The cooperatives should trade essential commodities, become distribution agents for state trading establishments, and buy or act as buying agents for the products of ethnic minorities. They also have to encourage small private businessmen to set up branches in remote and tribal villages to meet the demands of the local people in selling and buying commodities.

Trade and services cooperatives in municipalities, cities, and towns must pay attention to meeting the various diversified demands of different groups of the population, especially demands for grain, foodstuffs, fresh fruits, and processed agricultural and food products...to serve the people's daily meals, thereby contributing to stabilizing market prices. Efforts should be made to expand the activities of the family economy and to promote the business of essential industrial goods under various forms (including the forms of agent and consignment...)

The union of trade and services cooperatives is an economic organization set up voluntarily by cooperatives that have contributed capital to carry out business activities for their own interests. The union serves as a center for: promoting and coordinating activities among cooperative members; finding markets and clients; creating a business environment; supplying material sources; and organizing services and selling goods for its members, while expanding goods exchange relations and cooperation with foreign trade partners to expand the market. The union is also an autonomous economic entity operated under the principle of cooperative activities.

Various cooperative teams and groups dealing with trade and services already set up with different names in many localities should be supported and assisted so as to create the conditions for them to become trade and services cooperatives.

Concerning the credit domain:

It is essential to urgently and definitely deal with the collapsed credit cooperatives in accordance with state regulations.

Efforts should be made to admit more credit cooperative members (including individuals, households, economic organizations, and mass societies). A credit cooperative is authorized to mobilize money deposited by individuals, economic organizations, and mass societies—within and outside the cooperative—with or without terms but with the interest rates announced by the State Bank for each period. It is necessary to seriously implement the key principle of providing loans for credit cooperative members. The state banks in provinces and municipalities must have a mechanism to regulate capital for credit cooperatives under mediation by receiving capital from credit cooperatives that have a capital surplus for loaning to other cooperatives that are short of capital. This should be done under the principle of providing no subsidies for losses.

On the basis of the results of the experimentation with the people's credit fund, it is essential to continue firmly and vigorously developing the people's credit fund system at three levels, with the foremost objectives of assisting one another and perfecting the operational method in accordance with the cooperative principle. The State Bank shall closely manage the credit funds and other forms of monetary transactions throughout the country in accordance with the law.

In the process of converting units into cooperatives, those economic units that bear the name of shareholding cooperatives or joint enterprises, but their organization, operation, and management are not carried out in accordance with the cooperative principle and they are adhering to the operational principle as various forms of business—such as using shareholding capital to manage their business (as in the case of shareholding companies and liability companies) or private enterprises—these establishments are not eligible to register under the Law on Cooperatives. They should register under other applicable laws.

4. Policies that create conditions for renovating and developing the cooperative economy:

The state protects the legal interests of cooperatives and ensures their equitable rights in production and business. The state respects the rights to autonomy and self-responsibility in the production and business of cooperatives and shall not interfere with the production and business activities of cooperatives.

Specialized and services cooperatives should be linked with the state economic organization system as a network, a web, or an agency. Cooperatives must serve as a bridge to transfer the state policies on promoting industry, technology, and credit...to the laborers. State enterprises are dutybound to create conditions for cooperatives to effectively carry out their activities and to strive to quickly overcome the situation of separating state business from the cooperative economy.

Efforts should be made to allow production and trade and services cooperatives in cities to lease houses and land to set up their business establishments.

It is necessary to adopt tax incentive measures for services provided by cooperatives, particularly those in remote or deep localities, mountainous or coastal areas, and on islands. It is important to create favorable conditions for cooperatives to obtain loans from investment and development banks and from the state-funded national job creation program. Plans must be worked out to increase the volume of capital for medium- and long-term loans. A cooperative investment and development support fund must be set up (in accordance with the provisions of the Law on Domestic Investment Promotion).

If they meet the conditions set under the prime minister's Decision 763 TTG (dated 19 December 1994), production-oriented cooperatives should be allowed to engage in direct import-export activities so they can generate foreign currency to import materials and equipment for expansion purposes.

Steps must be taken to review policies to ensure uniformity and equality between cooperatives and business establishments belonging to other economic sectors.

It is necessary to work out a state policy to train cadres and help them improve their cooperative management knowledge. Measures must also be taken to provide cooperatives with scientific and technical support and help cooperative members improve their skills. It is necessary to apply a social welfare policy toward workers of all economic sectors.

With regard to agricultural cooperatives, it is necessary to settle once for all overdue debts and write off, reduce, delay, or classify arrears that have been thoroughly investigated and certified to be incurred under reasonable circumstances and not by embezzlement. Henceforth, this documentation should be used to consider loan applications by cooperatives and create conditions for them to obtain loans from other credit organizations. Steps must be taken to promote agricultural production through cooperatives and encourage state-owned business establishments to use economic cooperation to help cooperatives act as agents to provide production support services or to buy agricultural products from cooperative members. It is necessary to give tax incentives to agricultural cooperatives that engage in business activities or that provide support services to rural areas.

To enable fishing cooperatives to conduct deep-sea fishing activities gradually and combine the exploitation of marine products with the protection of territorial waters, the state will promulgate a number of measures at an early date to grant long-term loans at preferential interest rates to cooperatives to invest in fishing activities in deep-sea or island areas. The state will also use budget allocations to build infrastructure and set up reserve funds to help the marine products sector cope with natural disasters. Tax exemptions on natural resources, business, income, and imports-exports will be granted to cooperatives during the early stage of their deep-sea fishing activities...

5. Ensure state control over the cooperative economy:

The government adopts uniform measures to exert state control over cooperatives on a nationwide basis and by means of a cooperative planning and development strategy. It will use the Law on Cooperatives to issue standard regulations governing the forms of cooperatives. It will also adopt policies to give preferential treatment and support services to cooperatives in terms of land, taxes, credit, investment, imports-exports, training of cadres and improvement of their skills, and provision of adequate scientific- technological support to each occupation and scope of operations. Furthermore, it will create conditions for the Council of the Alliance of Cooperatives at the central and local levels to operate within the bounds of law. People's committees at all levels are to carry out their state management functions over the cooperatives falling under their jurisdiction.

State management over cooperatives is carried out in the same way as other economic sectors. It is necessary to strengthen according to sector, management of the various ministries and according to region, management of province and city people's committees, over cooperatives.

An organization must be set up in the ministries and in the people's committee of provinces and cities directly subordinate to the central government to oversee the activities of cooperatives.

6. The Alliance of Cooperatives:

The activities of the Alliance of Cooperatives, which consists of all trade unions and cooperatives unions at the central and provincial levels, must be broadened and consolidated. The Alliance of Cooperatives is a nongovernmental organization representing and protecting the legitimate interests of all cooperatives and cooperatives unions. It propagandizes and mobilizes for the development of cooperatives, and provides consultation, services, and assistance to cooperatives and cooperative unions. It also participates in the forming of policies and laws on cooperatives and represent cooperatives and cooperatives unions in cooperation with foreign counterparts according to the law.

The relationship and cooperation between the Alliance of Cooperatives with workers' unions, peasants' association, and other politico-social organizations in propagandizing and mobilizing the masses and in representing the interests of the masses must be strengthened.

7. Strengthening the party leadership in the cooperative economy:

Party and mass organizations were given particular attention in the cooperative economy. Most of agricultural cooperatives and many handicraft cooperatives used to have a party chapter.

After changing to the new model, party and mass organizations in many cooperatives of various forms have not been operational. Most of those in the cities now do not have any party organization, thus elderly party members must continue their party activity in their subwards.

Therefore, it is necessary to consolidate and strengthen the leadership role of party organizations in all cooperatives in accordance with the resolution of the third party plenum (of the seventh party Central Committee) and the Party Statutes.

Based on this directive, party committees and organizations at all levels need to outline programs, plans, and instructions to effectively develop the cooperative economy suitable with the characteristics of each trade, field, and area.

Party and youth union organizations in the Vietnam Fatherland Front and members of the front shall propagandize and mobilize for the formation and development of the cooperative economy and cooperatives. They are to participate with responsible state organs to establish policies and supervise the implementation of the state laws on cooperatives.

Responsible party organs at the central level are to supervise, check, and assist the party Secretariat to guide and instruct for the satisfactory implementation of this directive.

SRV: Plan to Build Major Hydroelectric Power Plant Approved

BK0606092096 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 6 Jun 96

[FBIS Translated Text] The prime minister has approved a plan to build the Dai Ninh hydroelectric power project in the southernmost part of Central Vietnam with a total investment of about $440 million. This will be provided by the World Bank and other credit sources. The plant will be an open type and will have a design capacity of 300 megawatt, with two groups of turbines capable of generating an average volume of 1.2 billion kilowatt hour per year. The plant will have its 110- and 220-kilovolt power lines and transformer stations connected with the national power grid.

Besides generating electricity, the Dai Ninh hydroelectric power plant will play a very important role in providing water for the lowlands to boost economic development and improve the environment in the Binh Thuan-Ninh Thuan region. Its reservoirs may supply water to help increase agricultural production for more than 40,000 hectares of land.

SRV: Discovery of Oil Reserve at White Tiger Field Reported

BK0606104496 Hanoi VNA in English
0741 GMT 6 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 6—Oil has been discovered at Well Rt-8, south of the Bach Ho (White Tiger) oilfield, after a test well was drilled at a depth of 3,600 metres.

The new oil reserve has an estimated daily output of 800 tonnes of oil.

To date, oil and gas has been found at more than 20 percent of the wells being explored in over 40 lots onshore and offshore, along Vietnam's coast.

In the first quarter of this year, Vietnam's Oil and Gas Corporation (Petrovietnam) exploited 1.999 million tonnes of crude oil from the White Tiger, Dragon, and Big Bear oilfields and brought about 90 million cubic metres of associated gas ashore to supply power generators.

Petrovietnam has pumped 38 million tonnes of crude oil from the White Tiger oilfield since 1986 when its first tonnage of crude was pumped up to may this year.

SRV: Vo Van Kiet Expresses Views on Industrialization

BK0606074096 Hanoi VIETNAM ECONOMIC TIMES in English May 96 p 17

["Exclusive interview" with Vietnamese Prime Minister Vo Van Kiet by unidentified correspondent; place and date not given]

[FBIS Transcribed Text] [VIETNAM ECONOMIC TIMES] Prime Minister Vo Van Kiet expresses his opinions on the country's need to industrialise:

[Vo Van Kiet] Industrialisation is our people's aspiration and wish in finding the way to build a wealthy and powerful country and an equitable, civilised society since the country was liberated and unified. At present and for the coming decades, industrialization is and will continue to be the people's wish. For that reason, since the Third Party Congress (in 1960) we have always paid attention to industrialization as a strategic goal we must reach.

It is possible to say that this strategic goal has never been and shall never be changed: creating material infrastructure, diversified wealth and intellectual property for the country's socialist-oriented development. In short, that is industrialisation to build socialism. After every Party Congress, our perception and thinking of industrialisation in terms of contents and measures are changed basically and continue to develop.

Special attention should be paid to the resolutions of the Central Committee of the Party, Session VII, foremost the resolution of the mid-term National Representative Conference (in January 1994) and the resolution of the Seventh Conference of the Central Committee (in July 1994). They consider the radical changes in socio-economic development and the new international and regional panorama; revise the industrial development in our country; and make out the strategic contents and steps to be taken in the industrialisaton in Vietnam until 2010 and 2020. During the preparation for the Eighth Party Congress, these have been enhanced and put in the draft Political Report to be discussed at the upcoming Congress.

From an economic perspective, we can summarise the difference as follows: we used to industrialise in a centrally planned way and the current industrialization strategy is based on the renovation policy of doi moi [renovation]. The Sixth Party Congress criticised points of view that were impatient, subjective and ignorant of evolution law; the mid-term National Representative Conference highlighted the point that we mustn't undertake industrialisation in the old style.

Within the limits of the interview, I list briefly the new characteristics in our industrialisation strategy:

1. We are not doing industrialisation in a closed centrally planned economy. Highlighting sovereignty and independence, industrialization should help exploit all comparative advantages of the country to integrate more and more into the global and regional economic development to gain optimal economic effectiveness and better meet the needs for national development.

In this process, according to the Seventh Conference of the Executive Board of the Central Committee, we shall harmonise import- substitution and export-oriented production with special attention to export (aiming at better export capacity).

2. We do industrialization in a multi-sectoral (multi-ownership) economy in the market mechanism with state management. Vietnamese law acknowledges the equality among the different types of economic ownership, and encourages and acknowledges legal enrichment. In this context the state sector must make full use of its huge potential to take the leading role in paving the way for the national economy to explore new products and new markets, and to promote the development of the whole economy. We also pay due attention to external economic sectors during industrialization, the enhancement of self-reliance to develop our strength as a basis for expansion of external economic relations.

3. The industrialization process must always: ensure balanced, stable and sustainable development of the whole economy and society; keep harmony with economic growth, social welfare and environmental protection; aim at the goal "a rich people, a powerful nation, and an equitable and civilised society." We must plan to give priority to infrastructure and human resource development in order to create a flexible economic mechanism, lay the foully more radical industrialization in the years ahead, and catch up to the pace of economic development in the rest of the world.

Most importantly, every citizen, whoever he or she is, whatever he or she does, whatever economic ownership sector he or she belongs to, must be fully aware of the urgent need for industrialization as well as the challenges facing the country, determined to seize every opportunity to bring the country out of poverty and backwardness. By the year 2000 we must eradicate hunger, which remains a problem for a portion of the population, reach the standard of living equal to an average developing country and strive to be a Newly Industrialized Country by 2010.

SRV: Do Muoi Interviewed on Perceptions of Socialism

BK0606074196 Hanoi VIETNAM ECONOMIC TIMES in English May 96 p 15

["Exclusive" interview with Do Muoi, Vietnamese Communist Party general secretary, by Professor Dao Nguyen Cat, VIETNAM ECONOMIC TIMES editor in chief; place and date not given]

[FBIS Transcribed Text] [Dao Nguyen Cat] Why do the Party and the Vietnamese people remain faithful to the goal of socialism in the context of international upheavals?

[Do Muoi] Major changes have taken place in the world panorama for some years now. Though the collapse of socialism in the former Soviet Union and Eastern Europe caused a temporary recession for socialism, the common trend is to continue striving in many ways and by different methods for a better and more civilised society—that is socialism. This is the objective evolution law of mankind.

Since its establishment, our Party has always been loyal to the goals of national independence and socialism. The victory of the struggle for independence and the doi moi [renovation] achievements of the last 10 years have proved that the loyalty is right. Now we have a new position and impetus to promote industrialization and modernisation of the country. This is a very important stage towards the goal we have been pursuing.

The development of Vietnam's revolution bears out that socialism is the only right choice that accords with evolutionary laws and gains popular consensus. We must be persistent to that choice.

[Dao Nguyen Cat] The draft Political Report to be produced at the Eighth Party Congress says: "The way to socialism in our country has been identified more and more clearly." Could you elaborate on this?

[Do Muoi] A transition from a backward agriculture-based country to socialism and jumping over capitalist development is a difficult and complicated undertaking for which history has not seen a precedent.

From the development of socialism in the country, from the success and failure, we have adjusted and updated our perception and gradually paved the way to socialism for the country. The Sixth Party Congress launched the comprehensive doi moi policy in all aspects of life. The Seventh Party Congress produced the Platform of Socialistic Development in the transition period to socialism and the "Strategy for socio-economic stabilization and development to the year 2000" (the Strategy). The documents to be presented to the Eighth Party Congress based on 10 years of doi moi identify the objectives and tasks for industrialization and modernization of the country to the year 2020 and for the remaining years of the decade, many overall policies and measures to fulfill these objectives and tasks. A Congress always adopts and enhances the righteous perception, point of view and policies from the preceding Congress, at the same time adjusting the irrelevant or outdated to clarify our perception of socialism and broaden our outlook so that we have a more comprehensive strategy and more synchronized scientific and practical policies and measures. For these reasons, the draft Political Report says: "The way to socialism in our country has been identified more and more clearly."

[Dao Nguyen Cat] Could you further explain the party's perception of socialism?

[Do Muoi] The Party Platform identifies six characteristics of the socialist society that we are pursuing. They include a society:

— owned by working people;

— which has a highly developed economy based on modern productive forces and the public ownership of major means of production;

— which has an advanced culture with a high degree of national identity;

— in which people are free from repression, exploitation and inequity; people work according to their ability and enjoy according to their work efforts; people have affluence, freedom and happy lives; and have the environment for multidimensional development of their individuals;

— in which all nationalities are equal and consolidate and help one another for betterment;

— which has amicable and cooperative relations with people in all other countries of the world."

The Strategy has specified the Platform into the development viewpoint as: "Socio-economic development towards national independence consolidation and socialist development in our country is the process of making the people rich, the nation powerful and modernized in a philanthropic, cultural and disciplined society owned by the people, in which repression and inequity are done away with, and everybody is facilitated to have an affluent free and happy life."

From the implementation of the Platform and the Strategy, we have gradually come to a short but basically right expression to reflect our perception of socialism, that is to practice the motto: "a rich people, a powerful nation, and an equitable, civilised society." Under the leadership of the Communist Party of Vietnam, this concrete goal has become the action slogan which the people fully support and will make their effort to realise.

SRV: Government's Immigration Policy Unchanged

BK0606050996 Hanoi VNA in English 1423 GMT 5 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 5 — A spokesperson for the Foreign Ministry, in response to the querry about the Vietnamese government setting a limit to the issue of entry visas to foreigners during this June, said yesterday that the Vietnamese Government's policy on immigration procedures for foreigners has not been changed and the procedures are being carried out in accordance with relevant applicable regulations.

SRV: Article Urges Better Cadre Training

BK0606054396 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 3 Jun 96

[Article by Nguyen Duc Ha of the Communist Party of Vietnam Central Committee Organization Department]

[FBIS Translated Text] The cadre-related task and the building of the contingent of cadres must be closely linked with requirements of the political task. It should stem from and serve the political task. We must firmly grasp and consider the standard of cadres in each echelon and at each revolutionary stage the basis on which to build an appropriate contingent of cadres. In the current revolutionary stage, the general standard of leading and managerial cadres is that in politics they must be firm and steadfast in adhering to the socialist path and objectives and be loyal to the party, Marxism-Leninism, and Ho Chi Minh Thought. They must have a strong determination to implement triumphantly the party lines and policies on the renovation; acquire pure revolutionary ethics; lead a healthy lifestyle; practice diligence, thrift, honesty, righteousness, and impartiality; and be straightforward and refrain from tendencies like departmentalism, localism, and opportunism while striving to oppose all opportunist concepts. As far as intelligence and capability are concerned, they must acquire the knowledge to enable them to participate in various public activities and organize the effective implementation of various party resolutions. They must have a sense of organization and discipline and be able to maintain internal unity and motivate other cadres to strengthen close relations with the masses to win their confidence. They must lead a democratic and scientific work style; match their words with deeds; and dare to make decisions, take responsibility, and so forth.

To build a contingent of cadres with quality and capability, in essence, is building a contingent of cadres with capability and virtue. These two features are interrelated and we should not belittle either of them.

In the present stage, we must pay proper attention to improving political quality, enhancing pure revolutionary ethics, and promoting a healthy lifestyle. This is because virtue is the core of the revolution.

To build a contingent of cadres meeting the requirements of national industrialization and modernization, we must urgently carry out the task of training and fostering cadres in a comprehensive fashion. We must enhance their background in political theory and improve their ethical conduct, knowledge, and capability.

In building the contingent of key cadres, we must pay special attention to training them for strategic tasks to make them absolutely firm in politics and resolve complicated situations involving national development and the vitality of our regime.

We must pay special attention to building the contingent of cadres at the grass-roots level. This is because at this level party resolutions and state policies are directly implemented, new things are initiated, and cadres are introduced to the higher echelons.

The training and fostering of cadres must be carried out on the basis of the requirements and standards of cadres at each level. We must combine planning with the assignment of cadres, pay attention to theoretical training while fostering specialized skills, and conduct drills through real tasks. The training and fostering of cadres must be carried out in close association with requirements and the planned assignment to enable each cadre to bring his capability into full play immediately after receiving his assignment. We must strive to overcome the condition of overtraining, awarding promotions before training, and so forth.

To build a contingent of competent cadres and to select great talents for the nation, we must pay attention to enhancing the people's intellectual standards and look for potentially competent cadres at colleges, universities, and vocational schools. We must formulate a policy to strengthen unity and widely integrate and use great talents for important functions inside and outside the party. Attention must be paid to two factors — knowledge and ethical conduct. The task of cadre training, fostering, and planning must be carried out in close association with that of forging and developing new party members and so forth.

Commenting on and appraising the quality of cadres is a very important and complicated task. It not only serves as the first criterion in making decisions for correct or wrongful assignment and use of cadres, but is also a factor that may create doubt and suspicion, thus causing internal disunity.

Some of the important areas of cadre work, therefore, are the renovation of the perception and evaluation of cadres, and the improvement of democratic and organizational character of these processes. Each party committee level should work out ways to effectively manage and follow up their cadre development process, from the early stages of training to additional training, redeployment, nomination, and deployment. On this basis, a cadre's work, efficiency, and contributions should be used to measure his qualities and ability. He should be assessed within his respective and specific environment with all subjective and objective factors during his whole development process taken into account. Comments and conclusions on either his strengths or weaknesses, as well as all other personnel matters, should be done collectively and democratically, and by those authorized. Over-simplification, prejudice, bias, and superficial democracy in cadre work must be corrected. In some places, a lack of democracy and a combination of centralization and democracy, and also superficial democracy are the reasons for erroneous and unfair evaluations and appointments. This brings down many aspects of cadre work.

To build up a contingent of cadres with adequate competence and qualities for the country's renovation undertaking, the cadres deployed should meet the criteria and possess the expertise required. Therefore, cadre promotion and appointment, need to be done properly: Cadres should be given the positions suited to their ability, while constant encouragement to improve themselves should be given to all to enable them to take higher posts. It is best to give responsibility to cadres while their ambitions are still rising. We should also form policies on the election or appointment of cadres with fixed office terms and provisions. This is to allow those concerned to resign or be suspended voluntarily from their posts so that they are able to accept more suitable responsibilities. Elected officials should end their service when their terms expire. If they want to continue to work into the new term, they have to stand for elections again and follow all electoral procedures. Appointed officials should be reassessed on their suitability after five years, together with the confidence votes from other cadres and self-criticism from the cadre in question. This is to help in deciding on his redeployment, where necessary.

To build up a cadre contingent with our party leadership in the market-oriented mechanism and the open-door policy in mind, we need to pay special attention to education and the revolutionary qualities and moral standards of cadres and party members. We should always remind them to study and follow the morality and lifestyle of President Ho Chi Minh. Criticism and self-criticism among cadres and party members should be seriously practiced in combination with criticism and comments from the masses. Cadres should not be influenced to get involved in negative activities that are harmful to the interests of the party and the people. The current disunity in a number of units should be rectified.

Building a good-quality and competent cadre contingent is a lengthy and demanding process, and involves many stages from discovery, selection, to training, refreshers, assessment, and employment. Proper guidance from party committees at all levels will determine the success of cadre work. Experience in the past years have shown that where and when party committees, or more specifically its core leaders truly practice democracy and subjectivity, cadre selection, training, and deployment in those places and at those times have always been successful.

Australia

Australia: 'Biggest Upgrade' in Decade of U.S. Defense Ties Foreseen

BK0606005896 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 6 Jun 96

[Report by Michael Dwyer — received via Internet]

[FBIS Transcribed Text] The United States military will be given part-time use of Australian bases as part of the biggest upgrade of defence links between the two countries in more than a decade.

The Minister for Defence, Mr Ian McLachlan, also plans to allow the "pre-positioning" of US military hardware on Australian soil.

And the Minister for Foreign Affairs, Mr Alexander Downer, is travelling to Washington to discuss a new US proposal for regular meetings of Asia-Pacific defence heads.

The move by the new Federal Government to strengthen military ties with the US is part of a broader strategy to substantially enhance the overall relationship between Canberra and Washington.

It comes at a time when Washington is moving to overhaul its security role in the Asia-Pacific region.

"The US has to be actively involved in the multilateral architecture of the region," Mr Downer told The Australian Financial Review.

It is understood that Mr McLachlan is also planning to propose to the US that it should follow Australia's example and conduct joint military exercises with Indonesia.

But any move to encourage stronger defence links between Washington and Jakarta could still run into problems with the US Congress, which has often expressed concerns about Indonesia's human rights record.

Mr McLachlan will discuss the plan for the US military to use Australian bases on a part-time basis when he meets the US Secretary of Defence, Dr William Perry, for ministerial talks next month.

It is understood Mr McLachlan would also discuss the issue with Australia's ASEAN neighbours before a final commitment was given to Washington.

The US military is likely to be given access to Australian bases for training purposes, and the use of firing ranges is also being considered.

Mr Downer said it was still unclear how the US proposal for regular meetings of Asia-Pacific defence chiefs would work in practice. But he would be discussing it this week with Dr Perry and the US Secretary of State, Mr Warren Christopher.

"We would like to know more about what they have in mind and we really don't have a great deal of information on their thinking at the moment," Mr Downer said.

"And for it to be successful, you would have to get full agreement for the process, and that point hasn't been reached."

Mr Downer conceded the plan could take some time before it could be implemented. "If it were to happen, it would require a significant selling job," he said.

Mr McLachlan is also expected to discuss the plan when he meets Dr Perry next month.

The new regional defence meeting was proposed last month by Dr Perry, and follows increasing concerns from the US over the role of the ASEAN Regional Forum (ARF). It also follows a concerted effort by the US to refocus on its security role in East Asia after several years of partial neglect.

Although Australia remains a strong component of the ARF, Mr Downer said it would have to be strengthened if it was ever going to be successful as a mechanism for resolving regional security disputes.

"You have to recognise that the ARF is an emerging institution," Mr Downer said.

"It has the potential to be very useful," he said.

"But its success is going to depend on the extent to which it contributes to transparency and debate about regional security issues, rather than try to bury them."

Australia: Editorial Calls Strong U.S. Relations 'Crucial'

BK0606010196 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 6 Jun 96

[Editorial: "Strong US Links Crucial" — received via Internet]

[FBIS Transcribed Text] Two years ago Australia's Labor Government publicly sided with China in its dispute with the United States over trade sanctions. It was an attack that was both unedifying and poorly directed. It was unedifying due to the way it put trade so firmly ahead of human rights. It was poorly directed because it put Australia in the position of publicly opposing a key regional policy of this country's most important ally, the US. Siding with China against the US, especially on this issue, sent all the wrong messages.

Unfortunately, this diplomatic stumble was symptomatic of the way some members of the previous Federal Government failed fully to come to terms with the fact that, in the post-Cold War environment, the task of maintaining close links with the US has become much more demanding.

In this environment Australia, already a relatively low-level priority in Washington's corridors of power, is simply less significant than it was. In contrast, the task of keeping the US engaged in our region, at a time when China's power is growing and so much else is changing, is now more important than ever.

The trouble for Australia is that, even without the changes brought about by the ending of the Cold War, our profile in Washington has increasingly suffered due to the inevitable process of generational change. In the decades immediately after World War II, many in the senior echelons of Washington's Defence Department establishment had personal links with Australia due to their war experience. To some extent the Vietnam War renewed this sort of linkage.

Today, with a new generation in charge, those ties are much weaker. Without them there is a risk that Australia, about which most Americans know little, will be seen as a dispensable Antipodean ally in which the US has only a limited ongoing interest.

It was this generational change which, four years ago, prompted efforts to reinvigorate political, economic and social links between the two countries. Led by Mr Phil Scanlan, a former Coca-Cola Amatil director, the result was the Australian American Leadership Dialogue, the fourth annual meeting of which is being held in Washington tomorrow.

At the time of the first meeting, Mr Scanlan observed that a perception of drift in the US-Australian relationship had developed that had the potential to be very damaging if not addressed quickly. The key way to do this, he argued, was for Australia to make an effort to reconnect with the US at the highest possible levels. This is what the dialogue has achieved, with those due to attend tomorrow's meeting being drawn from the senior bureaucratic and political ranks of both countries.

The fact is, there are very good cultural reasons why Australia and the US should have close and friendly relations. While some in Australia criticise the powerful American influence in this country, the injection of its cultural dynamism has added a lot to the vitality of Australian society. Nor is it a one-way street since Australia is having significant success in winning a share of America's huge entertainment market.

Those who rail against the McDonalds and Coca-Cola culture that now has such a strong place in this country forget just how dreary the old Australia was, and how dreary for many it would still be without America's cultural input. In the same way, those who today are happy to see a weakening of our defence ties with America fail to appreciate the importance of the US to the long-term stability of the Asia-Pacific region.

Of particular importance is the need to work hard to keep the US engaged in the region as an appropriate balance to the increasing, and highly unpredictable, power of China. As well, the economic transformation of much of the rest of Asia is likely to bring important shifts in relative power which, without the stabilising influence of the US, has the potential to generate dangerous regional friction.

Helping to keep the US engaged in our region, and interested in its long-standing security links with Australia, requires more than just sensible diplomacy. It also requires Australia to demonstrate it is willing to make a serious defence effort on its own behalf. The Federal Government's decision not to cut defence spending, at a time when it is cutting just about everything else, goes a long way towards doing just that.

Australia: Minister 'Confident' Cairns Group To Maintain United Stand

BK0606050596 (Internet) Australian Broadcasting Corporation Online WWW in English 2126 GMT 5 Jun 96

[FBIS Transcribed Text] Deputy Prime Minister and Trade Minister Tim Fischer says he's confident the annual meeting of the Cairns Group of agricultural nations will maintain a united stand on trade liberalisation.

Mr Fischer says he's confident the 14 Cairns Group members will prevent other countries from reneging on their commitments under the Uruguay Round.

He says there will be a united approach by the Cairns group to go to the WTO ministerial round in Singapore with a very firm commitment.

Mr Fischer is to hold talks in Washington, Chile, Brazil and Argentina, during his current 12-day visit to the U.S. and Latin America.

Australia: Canberra To Boost Existing Strong Relations With Tokyo

BK0606101996 Melbourne Radio Australia in English 0630 GMT 6 Jun 96

[From the "International Report" program]

[FBIS Transcribed Text] Foreign Minister Alexander Downer says the Japanese Government has shown its approval of the new Australian Government of Prime Minister John Howard. Mr. Downer is on a tour of Japan, becoming the first senior Australian government minister to visit the country in the Howard government's first 100 days. He told Radio Australia's Tokyo correspondent, John Shovelan, that the Liberal-National party coalition government in Canberra will be moving to tighten the already strong relations with Tokyo.

[Begin recording] [Downer] I am not commenting on my predecessors anymore. They lost an election and that is the end of them; but I have made a more constructive point and that is that we are in the process now of broadening the relationship with Japan and it is not just an economic relationship. It is a relationship, which is now including a security dialogue about the security of the Asia Pacific region.

[Shovelan] You talked about expanding, or broadening the security relationship with Japan. In an unhappy event of a conflict, could Japanese troops stand alongside Australian troops.

[Downer] Well, obviously we do not get into the hypotheticals. That is always a disaster.

[Shovelan, interrupting] That is the core of whether you have a strong security relationship with another country, isn't it? Can you rely on them in a crisis.

[Downer] Well, we have a more sophisticated view of security relationships. That is one aspect of a security relationship; but in the case of Japan, the core of the security relationship is the mutual commitment to American engagement in the region and the role of America in stabilizing the regional security environment. I do not think there are any two countries in the Asia Pacific region or in the western Pacific, which more strongly support United States engagement in the region. I mean we're two countries that have a security alliance each with the United States, and we openly and strongly advocate the continuation of American involvement.

[Shovelan] We have been quite happy with the idea of Japan expanding its military role in the region. I think it was Lee Kuan Yew who said allowing Japan to enhance its military presence throughout the world is like giving a liquor chocolate to an alcoholic. Do you think the rest of Asia is as keen on Japan taking a more up front military role as Australia is?

[Downer] Well, it is an unusual situation in that the way Japan handles that question is through its alliance with the United States, and that, of course, has been the conception of the alliance and the way it's handled, with the way the issue of Japan's history is handled, in the context today of regional security. So nobody, including within Japan, is looking at a substantially more proactive Japanese military role in the region. What they are looking at is the relationship between Japan and the United States and the continuation of the United States military presence in Japan.

[Shovelan] But there is still nervousness, isn't there, in the region about any kind of increase in Japanese military activity.

[Downer] Well, I think there would be a lot of nervousness if the United States withdrew altogether and left Japan on its own in a situation that Japan itself would feel obliged to address. So I think, now I have to say to you, I think, generally speaking, in the region with the varying degrees of comfort, countries are still comfortable about the United States-Japan alliance. So that is the important point to understand and then to try to develop an argument that somehow the Japanese military itself is going to become more active in the region is just still conceived. I do not think anyone is really suggesting that. Everybody is suggesting, and we are suggesting this very strongly, in fact the Japanese themselves, that the joint declaration between President Clinton and Prime Minister Hashimoto has been vastly important in terms of regional security because Japan is the key to United States continuing engagement. [end recording]

Australia: 'Concern' Expressed Over PNG Incursions Into Solomons

BK0606054996 Sydney THE SYDNEY MORNING HERALD in English 6 Jun 96

[Report by Greg Roberts — received via Internet]

[FBIS Transcribed Text] The Federal Government has expressed concern to Papua New Guinea [PNG] over incursions by its soldiers into the Solomon Islands.

Relations between the Melanesian neighbours are deteriorating, with three intrusions by the PNG military into Solomon Islands waters in the past week in pursuit of rebels of the separatist Bougainville Revolutionary Army.

In the most serious incident, Honiara alleges PNG soldiers fired on the village of Liuliug from an Australian-supplied patrol boat.

There were no reports of casualties.

The Australian High Commission in Port Moresby has asked the PNG Government for an explanation of the raids.

A spokesman for the Minister for Defence, Mr McLachlan, said the Government was "concerned about indications that the international border has not been respected".

A report by the Sydney-based Bougainville Freedom Movement released last week alleged Australian-supplied Iroquois helicopters had been used in five military assaults on civilian targets during the past 12 months.

Soldiers allegedly fired machine-guns and grenade launchers from the helicopters in attacks on the villages of Siipi, Oria and Membra, and near the town of Lehu.

Revelations of similar helicopter attacks in 1992 prompted the Keating Government to warn they were not to be used as military platforms in an offensive capacity.

Australia: Asylum Seekers Arrive at Christmas Island

BK0606062096 (Internet) Australian Broadcasting Corporation Online WWW in English 0159 GMT 6 Jun 96

[FBIS Transcribed Text] Yet another boat load of asylum seekers has arrived at Christmas Island in the Indian ocean, bring the total number in the past 5 weeks to nearly 400.

The Immigration Department says 86 people, who arrived on the island yesterday, were transferred to Port Hedland detention centre last night.

The Department says it is at a loss to explain why there's been a dramatic increase in the number of boat people.

Kiribati

Kiribati: President Protests Plans for Nuclear Waste Dump on Atoll

LD0606084896 Wellington Radio New Zealand International in English 0700 GMT 6 Jun 96

[FBIS Transcribed Excerpt] A senator from Hawaii is confident plans to set up a nuclear waste dump on a remote atoll near Kiribati can be halted. Reports say a private company in the United States is planning to use Palmyra Atoll to store 200,000 tons of Russian plutonium and nuclear waste. Senator Daniel Akaka says the atoll is very small and only two meters above sea level, and it is a dangerous place to store waste. He says draft legislation allowing the plan to go ahead is now being looked at by the U.S. Congress, but he is confident it can be stopped. [passage omitted]

The president of Kiribati, the closest country to Palmyra, is vehemently against the scheme. [passage omitted]

President Teburoro Tito was surprised to hear that the draft legislation before Congress would enable the waste dump to operate without the usual U.S. environmental laws applying to it.

[Begin Tito recording] That's news to me. I didn't know that and I would be very surprised if that goes through. If the U.S. politicians have a concern for human life, American or other people, then they should not allow that to happen and I would certainly protest very strongly. [end recording] [passage omitted]

New Zealand

New Zealand: Premier Names APEC Business Council Representatives

BK0606063396 (Internet) New Zealand Parliamentary WWW in English 22 May 96

[Press release issued by New Zealand Prime Minister Jim Bolger on 22 May; place not given]

[FBIS Transcribed Text] The Prime Minister, the Rt Hon [Right Honorable] J B Bolger today announced the names of three New Zealand business people to represent New Zealand on the Asia Pacific Economic Cooperation (APEC) organisation's newly established Business Advisory Council (ABAC).

They are:

The Hon Philip Burdon. Currently the Minister for Trade Negotiations, Mr Burdon brings to the group an extensive knowledge of regional trade dynamics from both private and public sector perspectives. He will join the group after he retires from politics following the next election.

Mrs Rosanne Meo. Mrs Meo leads a company involved with planning and marketing for businesses predominantly in the manufacturing and service sectors. She is also Chairman of Forestry Corporation and a Director of Mercury Energy, Ports of Auckland and AMP (NZ).

Mr Kerry McDonald. Mr McDonald is Managing Director, Comalco New Zealand Ltd, Deputy Chairman of the Bank of New Zealand, Chairman, New Zealand Executive Committee of the Australia/New Zealand Business Council, Deputy Chairman, New Zealand Institute of Economic Research.

ABAC is tasked with formulating collective advice on private sector issues to submit to leaders and ministers at their annual meetings at the end of each year.

This advice will be factored in to APEC's progress towards achieving the Bogor Declaration's goal of free and open trade and investment in the Asia-Pacific region by 2010 for industrialised economies and 2020 for industrialising economies.

"Through APEC we are able to encourage other regional economies to undertake the type of reforms that New Zealand has undertaken. The opportunity to include leading New Zealand business representatives in this process is one that we welcome," the Prime Minister said.

Mr Bolger explained that "a key indicator of APEC's success will be whether the business community throughout the region can see its priorities reflected in APEC's work programme and can see evidence that the commercial environment of the region is improving is a consequence of APEC's actions."

An initial meeting of the ABAC will be hosted in June by the Philippines. In his role as APEC chair, President Ramos has suggested that ABAC representatives be invited to join Leaders for discussions prior to the annual leaders meeting at Subic Bay on 24-25 November.

"APEC's success will be enhanced as it delivers direct benefit to New Zealand's trade and economic growth. I am confident that our representatives on the new APEC Business Advisory Council are well placed to contribute to that goal," the Prime Minister concluded.

New Zealand: Minister Announces Criteria for TV Frequency Allocation

BK0606070496 (Internet) New Zealand Parliamentary WWW in English 27 May 96

["News release" issued by New Zealand Communications Minister Maurice Williamson on 27 May; place not given]

[FBIS Transcribed Text] The Minister of Communications, Hon [Honorable] Maurice Williamson announced new criteria today for allocating Ultra High Frequencies (UHF frequencies) reserved for non-commercial television. The new criteria will allow the establishment of non-commercial television in New Zealand in the short term, offering even greater choice to television viewers, he said.

The criteria will clarify the availability conditions for the frequencies. They will be used by the Secretary of Commerce in considering applications to use the frequencies.

The new criteria will allow some commercial content on the non-commercial frequencies as a means of contributing to funding of non-commercial services. Proposals will need to show that they increase the diversity of programme choice for viewers.

The Minister says access for both local and regional programme makers will also be important. Applicants for the frequencies will also need to demonstrate their overall non-profit making objective.

Other criteria include provision of non-commercial services which are not being provided on a national level and the extent to which time is made available for non-commercial uses, including prime time. Applicants will also need to show the geographic coverage proposed for their non-commercial services.

The criteria have been developed after consultations with interested parties and consideration of written submissions.

The criteria also allow for the possible future transition for analogue network services to digital transmission. Digital transmission in New Zealand is at least five years away. There may be several options available to the industry to make the transition.

Use of the reserved frequencies may be licenced for periods of up to five years.

Interested groups should notify their interest to the Ministry of Commerce and they will receive information on the approved criteria and the timetable for submitting applications. It is possible that, at least in areas of significant interest like Auckland, licences for non-commercial frequencies may be issued this year.

Background information

Although licences for these frequencies may be issued for periods of up to 12 months only, the Government has agreed that a longer period of access may be provided for non-commercial television services. This would be achieved by means of a licence agreement with the Secretary of Commerce, providing for the reissue of the licence for a period of up to 5 years, subject to all licence conditions being met.

The UHF television frequencies were reserved for the use of non-commercial broadcasters in 1990 and a set of interim allocation criteria was developed at that time, but no frequencies have been allocated to date. Because of growing interest in use of the frequencies over the past 18 months, the Government decided in December last year that the allocation criteria should be reviewed to ensure that the reserved spectrum could be utilised for the benefit of a range of non-commercial audiences.

Papua New Guinea

Papua New Guinea Premier: Solomon Forces Aid Bougainville Rebels

LD0506082696 Melbourne Radio Australia in English 0700 GMT 5 Jun 96

[FBIS Transcribed Text] As the diplomatic row between Papua New Guinea [PNG] and Solomon Islands intensifies, PNG's prime minister has accused the Solomon Islands border police of assisting Bougainville rebels. Sean Dorney reports that Sir Julius Chan claims his troops are only crossing the border because the Solomon Islands Field Force turns a blind eye to border violations by the Bougainvile Revolutionary Army.

[Dorney] The Solomons claims there have been 18 separate border incursions by PNG troops or their Bougainville resistance allies in the past few months. Sir Julius Chan responds, claiming there would have been no crossings by the PNGDF [Papua New Guinea Defense Force] or the resistance if the Bougainville rebels had not been allowed to — in Sir Julius's words — violate the border with ease.

He claims his government has evidence of complicity by the Solomon Islands Field Force in the free movement of rebels to and from the Solomons. He says the PNG security forces who crossed the border on Saturday [1 June] were chasing the Bougainville Revolutionary Army's operations commander, Ishmael Toarama, and he has asked the Solomon Islands government to arrest Toarama and hand him over to PNG as what Sir Julius termed a sign of good faith.

Sean Dorney, Port Moresby.

Papua New Guinea: Sir Julius: Solomons Aiding, Abetting BRA Rebels

BK0506074696 Melbourne Radio Australia in English 0500 GMT 5 Jun 96

[FBIS Transcribed Text] As the diplomatic cloud between Papua New Guinea [PNG] and Solomon Islands intensifies, PNG's prime minister has accused the Solomon Islands border police of aiding and abetting Bougainville rebels. Sean Dorney reports that Sir Julius Chan claims his troops are only crossing the border because the Solomon Islands Field Force turns a blind eye to border violations by the Bougainville Revolutionary Army [BRA].

[Begin Dorney recording] The Solomons claims there have been 18 separate border incursions by PNG troops and their Bougainville resistance allies in the past few months. Sir Julius Chan responds claiming there would have been no crossings by the PNG DF [Defense Forces] or the resistance if the Bougainville rebels have not been allowed to, in Sir Julius' words, violate the border with ease. He claims his government has evidence of complicity by the Solomon Islands Field Force in the free movement of rebels to and from the Solomons. He says the PNG Security Forces who crossed the border on Saturday were chasing the BRA Operations Commander (Ishmal Terarama), and he has asked the Solomon Islands government to arrest (Terarama) and hand him over to PNG as, what Sir Julius terms, a sign of deep faith. [end recording]

Papua New Guinea Prime Minister Relinquishes Foreign Affairs Portfolio

LD0506162396 Melbourne Radio Australia in English 1900 GMT 4 Jun 96

[FBIS Transcribed Text] Papua New Guinea has a new foreign minister. He is Kilroy Genia, a former public service minister. Mr. Genia takes over the ministry from the prime minister, Sir Julius Chan, who has relinquished the foreign affairs portfolio which he held since early 1994.

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